



**Asia-Pacific  
Economic Cooperation**

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**2016/SMEWG43/009**

Agenda Item: 16.5

## **Survey Results: Inclusive Growth Through Greater Involvement of SMEs into B2B and B2G Markets**

Purpose: Consideration  
Submitted by: Russia



**APEC PERU**  
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**43<sup>rd</sup> Small and Medium Enterprises Working Group  
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## Survey results

### “Inclusive growth through greater involvement of SMEs into B2B and B2G markets”

#### **I. Introduction**

Current survey is prepared under Russia's self-funded project “Inclusive growth through greater involvement of SMEs into B2B and B2G markets”. The main goal of the research is to systemize the practices of APEC economies in the field of cooperation of SMEs with corporate and public sector. The data collected from April to July 2016 was provided by the respondents representing governmental and non-governmental structures responsible for SME development in APEC economies.

SMEs play a significant role in different areas including the development of international supply chains. Big corporations and public procurement sector can be viewed as a significant market for SMEs. Government procurement market comprises a substantial part of APEC economies' GDP - from 5% in Mexico to 16% in Japan among OECD economies<sup>1</sup> and may reach 20-25% in developing economies.

However, despite the fact that big corporations are ready to procure competitive goods and services from SMEs, market access, procedural, informational and psychological barriers impact negatively on SMEs' participation in the procurement. Building linkages between SMEs and corporate/public sector will provide APEC economies with the opportunity to support the development of SMEs using market-related instruments instead of providing direct financial support and improve overall competitive environment.

#### **II. Background**

One of the APEC priorities in 2016 is the modernization of MSMEs. In 2015 APEC SME Ministerial Statement, APEC Joint Ministerial Statement as well as APEC Leaders' Declaration contained the provisions encouraging APEC economies to foster MSMEs' Growth through inclusive business in major sectors, its role in sustainable and inclusive growth through sharing experiences and participation in regional and global markets. In 2015 APEC Leaders also approved the need to promote fair and accountable competition policy regime to facilitate inclusive growth and provide a predictable business environment for MSMEs.

The outcomes of the project will enhance SMEs' participation in international supply chains and in national B2G markets.

In 2015 Boracay Action Agenda to Globalize MSMEs was adopted with recommendations to foster cultures of regulatory transparency in APEC economies that provide greater opportunities for MSMEs to comment on new regulations, regulatory reviews, and regulatory impact assessments. SMEWG Work Plan for 2016 envisages the creation of the APEC MSME Marketplace, under the Iloilo Initiative included in 2015 APEC Leaders' Declaration: Growing Global MSMEs for Inclusive Development, to strengthen collaboration between the public and private sector and increase business opportunities.

One of the key outcomes of the survey is a list of web-links to APEC public sector organizations and corporations that are ready to procure from SMEs.

#### **III. Key outcomes of survey**

- **The SMEs definition criteria.**

The definitions of SME are very heterogeneous across economies. The IFC survey found the use of more than 60 definitions of SMEs in 75 economies. In general 4 criteria has been used to

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<sup>1</sup> OECD, 2015

define a SME – number of employees, annual sales (or revenue), assets and capital (or investment). There are sector-specific criteria in most cases.<sup>2</sup>

In the present survey the respondents also identify different criteria of SMEs definition from annual sales and number of employees to fixed assets. The number of employees of an SME mostly does not exceeded 200.

Table 1 – SMEs definition criteria in APEC economies

| Economy-responent | SMEs definition criteria   | Remarks   |
|-------------------|--|---|
| Australia         | Fewer than 20 people or an aggregated turnover (excluding GST) of less than 7 500 000 USD  | State, Territory and local Governments in Australia may also use other definitions. |
| Chile             | Annual sales not more 150 000 USD or less than 200 employee.   |   |
| Chinese Taipei    | Paid-in capital of 2 400 000 USD or less (manufacturing, construction, mining or quarrying industry) or less than 200 employees, sales revenue of 3 000 000 USD or less (excepting manufacturing, construction, mining or quarrying industry) or less than 100 employees   |   |
| Hong Kong, China  | Business which employs fewer than 100 persons in Hong Kong, China; and any non-manufacturing business which employs fewer than 50 persons.   |   |
| Malaysia          | SMEs' are defined into the percentage from every sector. SMEs' concentration are in the services sector with 90% of establishments. Meanwhile, 6% of total SMEs in Malaysia are in the manufacturing sector, followed by 3% in the construction sector and the remaining 1% in the agriculture sector and 0.1% in the mining and quarrying sector. |   |
| Philippines       | Asset size (excluding land) of up to 2 000 000 USD   |   |
| Russia            | Business which employs fewer than 250 persons and annual revenue 30 700 000 USD 2 billion RUR.   |   |
| Singapore         | Annual sales turnover not more than 73 000 000 USD or employment size of not more than 200 employees   |   |

<sup>2</sup> SMEs in the APEC Region, by Bernadine Zhang Yuhua, APEC Policy Support Unit, Policy Brief №8, December 2013

|          |   |
|----------|---|
| Thailand | Fixed Asset excl. Land (THB Mil.) less than 60 in retail or less than 30 employee, less than 3 000 000 USD. in Wholesale or less than 50 employees, less than 6 000 000 USD. or less than 200 employees in Manufacturing and Services |
|----------|---|

- **Typical barriers that hinder the development of cooperation among SMEs and corporate and public sectors**

The respondents identified that the typical barriers that SMEs face in their cooperation with corporate and public sectors as suppliers are mostly related to financial issues. A specific barrier is related to the payment terms used by corporations and public sector players.

At the same time corporations and public sector identified limited production capacities, insufficient quality standards, incomparability of technical tools and difficulties in communication with foreign partners as the main barriers.

- **Useful web-links for SMEs**

The respondents identified the following web resources as useful for getting information on existing corporate and public measure to support SMEs.

#### **Australia**

<http://www.sellingtogov.net.au/>

[www.business.gov.au](http://www.business.gov.au).

[www.austrade.gov.au](http://www.austrade.gov.au)

<https://www.border.gov.au/Busi/Trus>

[www.austrade.gov.au](http://www.austrade.gov.au)

[https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?\\_adf.ctrl-state=o2d7jao09\\_27](https://connectonline.asic.gov.au/RegistrySearch/faces/landing/SearchRegisters.jspx?_adf.ctrl-state=o2d7jao09_27)

<http://www.austrade.gov.au/International/Invest/Investment-Specialists>

#### **Chile**

<http://www.corfo.cl/programas-y-concursos/programas/nodos-para-la-competitividad-convocatoria-proyectos-plataformas-de-fomento-para-la-exportacion>

<http://www.prochile.gob.cl/fase3/marcas-sectoriales/>

<http://desarrolloproveedores.cl/ruta-de-clase-mundial/>

#### **Chinese Taipei**

<http://web.pcc.gov.tw>

[www.ey.gov.tw](http://www.ey.gov.tw)

<http://www.moeasmea.gov.tw/np.asp?ctNode=320&mp=2>

#### **Hong Kong, China**

<http://www.gov.hk/en/business/businessgov/selling/>

<http://businessmatching.hktdc.com/en/index.html>

#### **Malaysia**

[www.miti.gov.my](http://www.miti.gov.my),

[www.smecorp.gov.my](http://www.smecorp.gov.my)

[http://www.treasury.gov.my/pdf/lain-lain/garis\\_panduan\\_GLP.pdf](http://www.treasury.gov.my/pdf/lain-lain/garis_panduan_GLP.pdf).

#### **Peru**

[www.osce.gob.pe](http://www.osce.gob.pe)

#### **Philippines**

[philgeps.gov.ph](http://philgeps.gov.ph)

[http://www.chilecompra.cl/index.php?option=com\\_content&view=article&id=2103&Itemid=1137](http://www.chilecompra.cl/index.php?option=com_content&view=article&id=2103&Itemid=1137)

### **Russia**

[www.smb.gov.ru](http://www.smb.gov.ru)

[www.corpmsp.ru](http://www.corpmsp.ru)

### **Singapore**

<http://www.spring.gov.sg/Developing-Industries/Industry-Initiatives/Pages/partnerships-for-capability-transformation.aspx>

<https://www.gebiz.gov.sg/>

<http://www.sbf.org.sg/contact-us>

### **Thailand**

<http://build.boi.go.th/>

- **Opportunity for foreign SMEs to participate in public procurement**

| Yes   | No                                      |
|---|---|
| Chinese Taipei, Cambodia, China, Peru, Australia, Singapore, Hong Kong, China | Russia, Thailand, Philippines, Malaysia |

- **Share of SMEs in public procurements**

| Less than 5 % | 5 – 10 % | 10 – 25 %              | 25 – 50 % |
|---------------|----------|------------------------|-----------|
| Peru          | China    | Chinese Taipei, Russia | -         |

- **Special regulations for access to SMEs**

|                  | Yes  | No   |
|------------------|--|--|
| Public sector    | Russia, Peru, Australia, Thailand, Malaysia, Philippines | Chinese Taipei, Cambodia, China, Thailand, Hong Kong, China                    |
| Corporate sector | Russia, Australia  | Chinese Taipei, Cambodia, China, Peru, Thailand, Hong Kong, China, Philippines |

- **Systemized open sources of online information available for SMEs**

|                               | Yes  | No   |
|-------------------------------|--|--|
| Planned public procurement    | Chinese Taipei, Peru, Australia, Thailand, Philippine, Singapore, Hong Kong, China | Malaysia   |
| Planned corporate procurement | Chinese Taipei   | Peru, Australia, Thailand, Philippine, Singapore, Hong Kong, China, Malaysia |
| Statistics of SME cooperation | Chinese Taipei, Australia  | Cambodia, China, Peru,   |

|                                   |  |  |
|-----------------------------------|--|--|
| with public and corporate sectors |  | Thailand Philippine, Singapore, Hong Kong, China, Malaysia |
|-----------------------------------|--|--|

- The respondents identified the following examples of efficient cooperation between corporations and international SMEs:  
Intel, Siemens, TRENDMicro, EZtable, iStaging, Mariekko, Jollibee, Nestle, Kennemer Inc.

#### **IV. Research limitations and further research proposal**

The data collected was analyzed using the filled-in questionnaires as the source of information. For the purpose of preparing recommendations on possible policy measures that can be implemented by the APEC economies it is proposed to use the research methodology as semi-structured interview with the experts-representatives of governmental structures, academia and corporate sector.

As the next step Russia suggest organizing a round table to discuss the results of the analysis of qualitative data and prepare recommendations on possible policy measures aimed at increasing the involvement of SMEs into B2B and B2G markets in APEC economies.

Therefore this survey represents preliminary results and serves the base for the future work on the project. .

The useful web-links contained in the survey can be published in APEC MSME Marketplace web-source.