

SMEs in the APEC Region

By Bernadine Zhang Yuhua

Small and medium-sized enterprises (SMEs) are the backbone of business activities across the world, and together with large enterprises and multinationals they significantly contribute to the global economy. According to a study by the International Finance Corporation (IFC) and McKinsey & Company (2010), there were around 365 million to 400 million SMEs in developing economies, of which 25 million to 30 million were formally categorized as micro enterprises (one to four employees), and 55 million to 70 million as SMEs (five or more employees).

The growth of SME business contributes to increased value creation, production, and profits. Given its agile and dynamic nature, SMEs can be a source of new business ideas and contribute to raising productivity and improving the economic structure, hence increasing the resilience and sustainability of economic development (European Investment Bank, 2011).

This policy brief offers a closer look at SMEs by first discussing some issues in defining SME and looking at how APEC members define SME. It then provides a snapshot of SMEs in the APEC region (by size; share to total enterprises, total employment and total exports; and economic contribution) and APEC's efforts in SME development. It concludes with some observations on areas that could advance APEC's work on SMEs.

Issues in Defining SME

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, four criteria have been used to define a SME – number of employees, annual sales (or revenue), assets, and capital (or investment). There are sector-specific criteria in most cases. A single criterion or a combination of several criteria could be used.

The meaning of the criteria may be interpreted differently among economies, and sometimes even within one economy due to different accounting terminologies and practices. There is also a tendency for economies to revise their definitions from time to time because inflation and other factors might make the existing definitions less relevant.

As an example, SMEs in Korea are defined based on three criteria: number of employees, total capital, and total sales. These criteria vary across the six main sectors (Table 1).

Table 1: Korea's Definition of SME

Employees	Sales/Revenue	Capital/Investment
Manufacturing		
<300		≤ USD 8 million
Mining, Construction, Transportation		
<300		≤ USD 3 million
Selected Retail, ICT, Tourism, Entertainment		
<300	≤ USD 30 million	
Selected Extraction, Professional Services		
<200	≤ USD 20 million	
Selected Wholesale, Environmental Services		
<100	≤ USD 10 million	
Other Sectors		
<50	≤ USD 5 million	

Source: Korea SME Administration Agency.

At present, there is no single and globally accepted definition of SME. Various attempts by international institutions and practitioners to propose a common definition has so far come to a naught.

The IFC (2012) broadly defines SME as a registered business with less than 300 staff, and further categorizes it into a micro, small, or medium enterprise (Table 2). The United Nations Development Program (UNDP) defines SME simply with less than 200 employees (Gibson and van der Vaart, 2008). The most widely referred definition is that adopted by the

European Union, where SMEs are defined as having less than 250 employees, with an annual turnover of no more than EUR 50 million or

annual balance sheet of no more than EUR 43 million.

Table 2: IFC's and EU's Definition of SME

Criteria	Micro Enterprise	Small Enterprise	Medium Enterprise
International Finance Corporation			
Employees	<10	10<50	50<300
Total Assets	<\$100,000	\$100,000<\$3 mn	\$3 mn < \$15 mn
Total Annual Sales	<\$100 000	\$100,000<\$3 mn	\$3 mn < \$15 mn
European Union (EU)			
Annual Work Unit	<10	<50	<250
Annual Turnover	<€ 2 mn	<€ 10 mn	<€ 50 mn
Annual balance sheet	<€ 2 mn	<€ 10 mn	<€ 43 mn

Source: IFC (2012), European Commission (2005).

Practitioners, Gibson and van der Vaart (2008), have proposed a less imperfect formula approach, which is to define SME based on annual sales of the company and features of the local economy. The rationale is easy to comprehend – as SMEs operate in very different context, such as business culture, industry, rules and regulation, consumer base, and openness of the local economy, they should be defined differently. However, operationalizing this definition will be extremely difficult. First, certain elements in the definition are hard to capture or quantify, such as business culture and openness of the local economy. Second, in most developing economies, the informal sector accounts for a huge portion of the economy but to obtain accurate information about it would be difficult since it is often not reflected in the official statistics.

It seems there is no ideal common approach in defining SME. Khrystyna (2011) has argued that to 'strive for a universal definition of SME might simply be a Procrustean Bed (an arbitrary standard to which exact conformity is forced)'. A good definition of SME should be stable enough as a reference for policy making in the context of the domestic economy, and yet could evolve over time to reflect the changing business background. It should ideally also capture

various business relationships, promote innovation and cooperation, and most importantly ensure fairness in access to government grants and assistance.

APEC Members' Definitions of SME

In the APEC region, over the past three years, several economies have revised or modified their definitions of SME. China; Japan; Peru; Singapore; and the United States have simplified their criteria for defining SME, while Malaysia; Mexico; and Viet Nam have adjusted their criteria. As shown in Table 3, a majority of APEC members is using two or three criteria in defining SME; five economies are using only one criterion; and two other economies are using four criteria. Appendix A shows the APEC members' definitions of SME.

Nineteen out of 21 APEC member economies are using the number of employees as a criterion, but the caps vary considerably from 20 employees in New Zealand to 1,000 employees in China¹. The criteria on sales/revenue, assets, and capital/investment are mainly expressed in the local currencies, thus making comparison among them extremely difficult.

For economies which adopt sector-specific definitions, some are using broader categories,

such as Goods-producing and Services-based (in Canada's case) or Manufacturing and Non-manufacturing (in China's case) while others are using more detailed breakdown, such as the six main sectors in the case of Korea.

Given these differences in defining SMEs, comparing SME figures and/or compiling an aggregate number for SMEs in the APEC region would be problematic. APEC has a broad range of regional initiatives but due to these varying definitions, they consequently face problems

when it comes to setting collective targets, monitoring progress, and evaluating results. It might hence be useful for APEC to arrive at a common definition for SME. Not only would this serve as a basis for regional initiatives, it would allow the collection of more comparable and combinable data to monitor and evaluate these initiatives. Nonetheless, the individual economy could keep their respective definition of SME for references when making SME-related domestic policies.

Table3: Criteria used in APEC Members' Definitions of SME

	Number of Employees	Sales / Revenue	Assets	Capital / Investment	Sector
Australia	X				
Brunei Darussalam	X				
Canada	X	X			X
Chile	X	X			
China	X	X			
Hong Kong, China	X				X
Indonesia	X	X	X		
Japan	X			X	X
Korea	X	X		X	X
Malaysia	X	X			
Mexico	X	X			X
New Zealand	X				
Papua New Guinea				X	
Peru		X			
Philippines	X		X		
Russia	X	X			
Singapore	X		X		X
Chinese Taipei	X	X		X	X
Thailand	X		X		X
United States	X	X			X
Viet Nam	X			X	X

Source: PSU's compilation based on 'Data Sources'.

SMEs in the APEC Region

a) Total Enterprises and Total Employment

In the APEC region, based on latest data available, although the number of SMEs varied from 8,795 in Brunei Darussalam in 2009 to 56,534,592 in Indonesia in 2012, SMEs in general accounted for over 97% of the total enterprises in each member economy². SMEs accounted for over 99% of all enterprises in thirteen APEC economies; in Brunei Darussalam; Chile; and Hong Kong, China, the share was between 98% and 98.9%; and in

Malaysia, Chinese Taipei, and Viet Nam, the proportion was in the range of 97% to 97.9%.

SMEs generally also create more jobs than large enterprises because they tend to be more labor-intensive operationally. A World Bank survey of 47,745 firms of various sizes around the globe revealed that firms with between five and 250 employees accounted for 67% of total formal employment, and during the period 2002-2010, the SME sector contributed 85% of employment growth (Edinburgh Group, 2013).

SMEs were found to employ more than half of the workforce in most APEC economies, but the

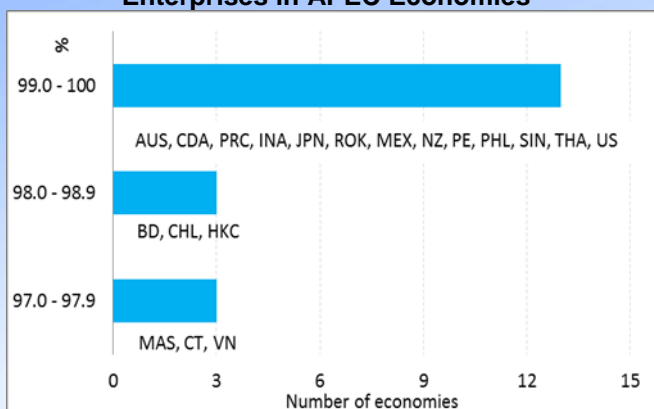
Advancing Free Trade for Asia-Pacific Prosperity

APEC Member Economies: Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; Philippines; Russia; Singapore; Chinese Taipei; Thailand; United States of America; and Viet Nam.

proportions varied substantially. In Canada; Chile; Indonesia; Korea; and Thailand, SMEs accounted for over 80% of total employment, and in the other 11 APEC economies, SMEs accounted for 50% to 79% of total employment. SME employment was relatively lower in Hong Kong, China (47.3%); New Zealand (43.3%); and Russia (24.7%).

It is evident that SMEs in the APEC region are already playing an important role in economic activities and employment creation. Yet, this role might be understated. As noted by the IFC,

Figure 1: SMEs as a Percentage of Total Enterprises in APEC Economies³

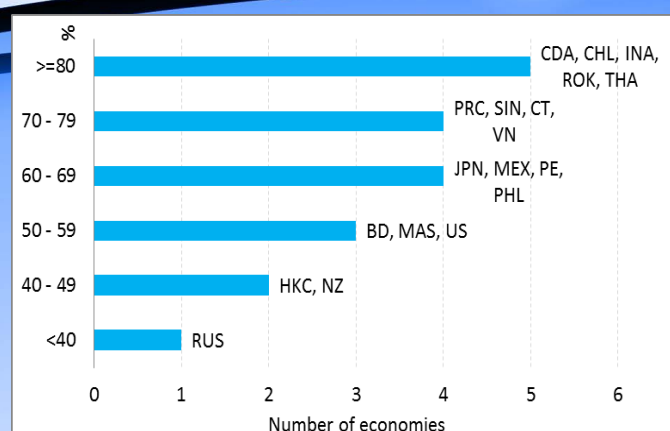


Source: PSU's compilation based on 'Data Sources'.

in developing economies, SMEs in the informal sector⁴ often outnumber that in the formal sector many times over. As a result, the share of SMEs in total enterprises and total employment in these economies might be underestimated (IFC, 2010). Although statistics on the size of SMEs in the informal sector in the APEC region are not available, a study by the International Labor Office (ILO) shows that this sector exists in China; Indonesia; Mexico; Peru; Philippines; Russia; Thailand; and Viet Nam (ILO, 2012).

Across the world, the informal sector remains large, widespread, and expanding. Most firms operating in this sector are micro enterprises, which employ up to five employees (Nelson and Bruijn, 2005). They also contribute substantially to job creation. As a share of non-agricultural employment, informal employment is high in South Asia at 82% and relatively lower in the Middle East and North Africa at 45%. In the East Asia and Southeast Asia region, the share

Figure 2: SMEs' Share of Total Employment in APEC Economies⁵



Source: PSU's compilation based on 'Data Sources'.

is 65% (WIEGO, 2013). In general, SMEs in the informal sector may not be favored by policy makers and implementers since they are out of the regulatory radar screen, but they do create employment and generate income; especially for developing economies, they contribute to pro-poor growth and poverty reduction.

Despite their positive contributions, concerns are often raised over the quality and safety of jobs in the informal sector. In such sector, jobs tend to be concentrated in the low value-added industries and workers are often underpaid. Moreover, hazardous working environment and lack of work safety measures are common practices. It is thus important that APEC members recognize and understand the impact of the informal sector in their economies and the region.

b) Distribution of SMEs by Size

A breakdown of SMEs by the subcategories (small, medium or micro enterprise) in each economy shows that an overwhelming majority of SMEs was micro enterprises (Figure 3). In 15 APEC economies where detailed data was available, over 50% of SMEs were micro enterprises; and in 11 out of these 15 economies, over 75% of SMEs were micro enterprises.

As for small enterprises, the share varied significantly among the member economies, ranging from 1% in Indonesia to 45% in Brunei Darussalam. Medium enterprises made up the smallest group of SMEs. In Indonesia; Mexico;

Peru; Philippines; Russia; and Thailand, they accounted for less than 1% of total SMEs. In Australia; Malaysia; and Chile, medium enterprises constituted a relatively higher proportion of 2.8% to 3.9%.

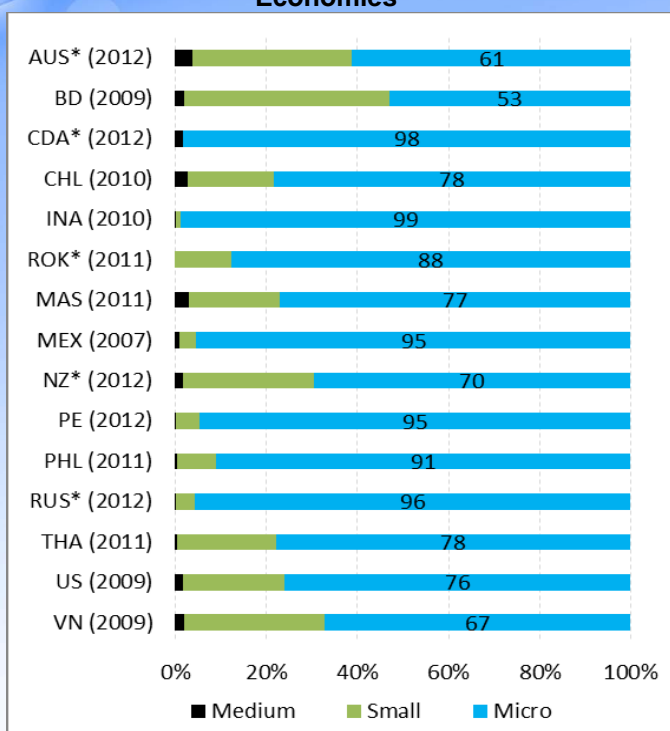
c) Economic Contribution

The growth of SMEs has both direct and indirect linkages to GDP growth. Directly, the expansion of existing SMEs and setting up of new SMEs contribute to increased value added and output; and indirectly, SMEs tend to capture emerging market needs and create corresponding solutions. Hence, a thriving SME sector will diversify and strengthen the resilience of the local economy. Research has also confirmed that SMEs are positively linked to growth in GDP per capita (IFC, 2010). Particularly for low-income economies, SMEs form the base for private sector-led growth, reduce marginalization, and nurture equality (IFC, 2010).

In the APEC region, the economic contribution of SMEs paints a heterogeneous picture. In China; Indonesia; Japan; Korea; and the United States, SMEs accounted for more than 50% of GDP. In other economies, the ratio was smaller but still quite significant. SMEs in Russia and Brunei Darussalam accounted for the lowest share of GDP at 21% and 22%, respectively.

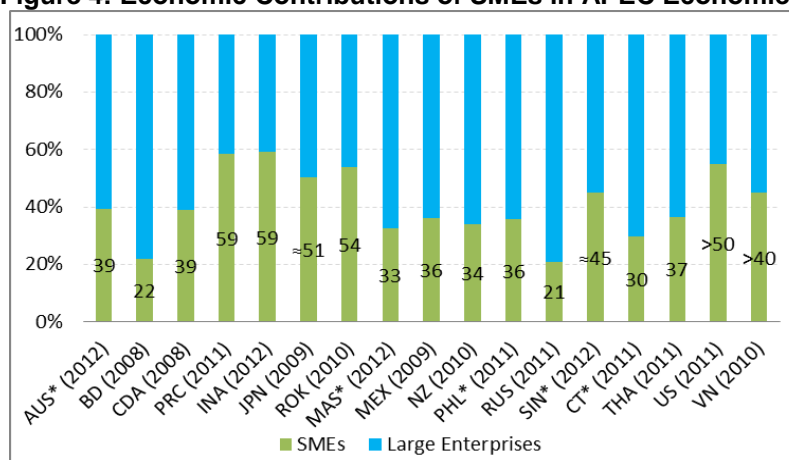
In most cases, the statistics cited above did not capture SMEs in the informal sector. Had they been taken into account, SMEs' economic contribution would be even greater. In a study conducted in early 2000s, the informal sector

Figure 3: Distribution of SMEs by Size in APEC Economies⁶



Source: PSU's compilation based on 'Data Sources'.

Figure 4: Economic Contributions of SMEs in APEC Economies⁷



Source: PSU's compilation based on 'Data Sources'.

made up 47% of GDP in low-income economies, 30% in middle-income economies, and 13% in high-income economies (Ayyagari, Beck, and Kunt, 2003). If SMEs in both the informal and formal sectors were combined, they would add up to 65% and 75% of GDP in economies at different income levels (IFC, 2010).

Evidence has shown that firms keep to the informal sector due to high tax rates, high social security cost, injustice and asymmetries in taxation system (Ceyhun and Kerem, 2013). Compared to SMEs in the formal sector, those in the informal sector face more challenges such as access to finance where they mostly have to rely on personal rather than commercial means.

Research has also found informality to decrease with an increase in education and with time in business (Altay and Reza, 2013). If that is the case, APEC could give more emphasis to the role of education in economic development, provide preferential treatment on taxation and social security requirements to SMEs in the informal sector, and ensure fairness and equality in taxation systems.

An improved business environment may also encourage firms in the informal sector to turn to the formal sector. In this regard, the APEC Economic Committee has been carrying out a structural reform agenda over the years, which addresses behind-the-border barriers in conducting business in the APEC region. Among its initiatives, the Ease of Doing Business Initiative aims to improve the business environment, and achieve an APEC-wide improvement of 25% by 2015 in the five areas of starting a business; dealing with permits; getting credit; trading across borders, and enforcing contracts.

d) Total Exports

SMEs that supply both domestic and overseas markets tend to hire more staff, generate more revenue, enjoy higher productivity, and build up a stronger technology capacity. Access to international markets will also improve resource utilization and exposure to advanced knowledge, technologies, and foreign best practices, and sharpen their competitive edge (OECD, 2008).

However, SMEs are generally less significant in

terms of their contribution to direct exports. Based on most recent data available, only in China did SMEs' share in total exports exceed 50%. SMEs in Canada and Korea had a relatively high share in total exports at 41% and 35%, respectively. Thailand; the United States; and Viet Nam fell in the bracket of 21% to 30%. The share of SMEs in total exports ranged from 15% to 19% in Japan; Indonesia; Singapore; Chinese Taipei; and Malaysia. And in Australia; Chile; and Peru, SMEs accounted for less than 10% of total exports.

Besides direct exports, SMEs also engage in activities of indirect export. As a small but increasing number of SMEs currently supply the global supply chains with intermediate goods and services, looking at direct exports alone might underestimate the SMEs' export capacity. However, data limitation makes it difficult to account for such indirect exports.

To be able to export directly, SMEs often need to overcome both internal and external barriers. Internal barriers are mainly related to the

Figure 5: SMEs' Share of Total Exports in APEC Economies



Source: PSU's compilation based on 'Data Sources'.

inability to capture, analyze, and utilize market information; lack of managerial, financial, and human-resource capacity to deal with exports; and lack of overseas marketing strategies, such as branding, distribution, pricing, and promotion. External barriers are associated with going through export procedures, complying with rules and regulations, bearing market and exchange risk, and venturing into unfamiliar political-social-cultural environment (Leonidou, 2004).

APEC has recognized the importance of enhancing the participation of SMEs in export markets since the early 2000s. Workshops and programs have been carried out to address internal barriers through capacity building and access to technology and finance, and external barriers related to regulatory reform and legal framework. APEC should continue their work in this area, helping SMEs not only to export directly, but also to export indirectly through global supply chains.

APEC on SMEs

APEC has a long tradition of supporting SMEs in conducting business and strengthening their capacity and competitiveness in international trade. Since 1994, the SME Ministerial Meeting has been held each year to address SME development issues. An Ad Hoc Policy Level Group on SMEs was set up in 1995 to work on SME-related initiatives, and in 2000, the group was formally established as the APEC SME Working Group.

APEC members have over the years been developing and implementing a wide range of SME-related initiatives and activities, either on an individual or a collaborative basis (see Appendix B). As a result of almost 20 years of ceaseless efforts, the business environment where SMEs operate in has improved in the region; human capital has been further developed via training and education; and various SME networks, conferences, trade fairs and exhibitions have been put in place to stimulate interaction and cooperation among SMEs. APEC has also spearheaded discussions on emerging issues that may impact SMEs, such as financial crisis management, consumer education and protection, global production chains, corporate

social responsibility, business ethics, etc.

Currently, under the guidance of SME Working Group Strategic Plan for 2013-2016, APEC is focusing on three priority areas to foster the growth of SMEs in the region: building management capacity, entrepreneurship and innovation; financing; and business environment, market access and internationalization.

Final Remarks

Although no aggregate data is currently available, based on SMEs' positive contributions in their respective economies, they could potentially play a significant role in the economic growth of the whole region. The discussion above has shed light on a number of areas that could advance APEC's work on SMEs.

1. A common and regional definition for SME: Such definition would serve as a basis for compiling region-wide SME statistics and supplying data to APEC and member economies for use in setting targets, monitoring progress and evaluating its initiatives and activities. Without a common denominator, any attempt to measure SMEs would be problematic.
2. Channels for data collection: There should be proper and credible channels to collect SME-related information and statistics from APEC members. While this policy brief was prepared based on primary data submitted by APEC members to the APEC SME Monitoring Index Survey, a considerable part of statistics still came from secondary sources.
3. Addressing the informal sector: The presence of SMEs in the informal sector might understate SMEs' share in total enterprises and employment as well as their economic contribution. To address this sector, APEC economies could possibly look into providing preferential treatment on taxation and social security requirement for SMEs in the informal sector and ensuring fairness and equality in taxation systems.
4. Continued support to SMEs: APEC has been supporting SMEs in the access to international markets for the past decade. Efforts in this area

should continue. In addition, APEC could step up efforts to facilitate SMEs to export indirectly through global supply chains.

Notes:

1. As declared by New Zealand Ministry of Business, Innovation & Employment, small enterprises were not officially defined in New Zealand. However, in amendments to the Employment Relation Act, small enterprises were referred to as enterprises with no more than 20 employees.

2. Data for Russia and Papua New Guinea were not available.

3. Data covered the private sector only and excluded the public sector. For some economies, the share of establishments rather than the share of enterprises was used. For Australia, non-employing establishments (those without an Income Tax Withholding obligation, including sole proprietorships and partnerships without employees) were considered as SMEs. For Brunei Darussalam, the year of the data on SME as a percentage of total enterprises was not clear. The data was from a 2011 report. For Chile, SMEs accounted for 80% of urban employment. For New Zealand, the statistics was based on enterprises with up to 49 employees. For Peru, the data on SME as a percentage of total enterprises was from 2010.

4. There is no internationally agreed definition on informal sector. The most widely adopted definition was defined by the ILO at the 15th International Conference of Labor Statisticians: informality refers to enterprises owned by individuals or households that are non-separate legal entities independent of their owners, and/or work that is outside the regulatory framework and not subject to labor legislation, social protection, taxes or employment benefits (OECD, 2008).

The World Bank has summarized the informal sector into three major elements: labor, micro-firms, and firms. Informal labor refers to workers who would prefer a job with standard labor protections, but unable to get one; workers who has a microbusiness and avoid paying social protection taxes; and women who leave formal salaried jobs for household work. Informal micro-firms are micro-entrepreneurs with no intention of or potential for growing, and hence no intention of engaging the institutions of civil society; and micro-entrepreneurs get stuck in their expansion by excessively high barriers to registering with the government. Informal firms are firms and individuals avoiding taxation or other mandated regulations; and firms registering only part of their workers and part of their sales, or declaring only part of the salary of their workers (World Bank, 2007).

5. For Canada, employment data only covered private employment. For Chile, only urban employment was included. For Peru, SME's share in total employment was employment by micro and small enterprises in total economically active population, and it did not cover medium enterprises.

6. For Australia and New Zealand, non-employing enterprises were shown as 'Micro', and micro and small enterprises (data was not separated) were shown as 'Small'. For Canada, data on micro and small enterprises was not separated, and was shown as 'Micro'. The data

shown for Canada only covered the employer business. Firms of indeterminate size were not covered in the statistics. For Korea, data on small and medium enterprises was not separated, and was shown as 'Small'. For Russia, non-employing and micro enterprises were shown as 'Micro'.

7. For Australia, the data was drawn from 'Industry Value Added'. For Malaysia, the data was preliminary. For Philippines and Singapore, the data used were 'Value Added'. For Chinese Taipei, the data was based on 'Total Annual Sales'.

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Appendix A: APEC Members' Definitions of SME

(Source: PSU's compilation based on 'Data Sources')

		Employees	Sales / Revenue	Assets	Capital / Investment	Sector
Australia	Micro	< 5				
	Small	5-19				
	Medium	20-199				
Brunei Darussalam	Micro	1-5				
	Small	6-50				
	Medium	51-100				
Canada	Micro	1-4				
	Small	5-99				Goods-producing
	Medium	5-49				Services-based
		100-499				Goods-producing
SME	50-499				Services-based	
Chile	Micro	1-9	< UF 2,400			
	Small	10-49	UF 2,400 – UF 25,000			
	Medium	50-199	UF 25,001 – UF 100,000			
China	Small	< 300	< RMB 20 million			
	Medium	300-1000	RMB 20 million - 400 million			
Hong Kong, China	SME	< 50				Non-manufacturing
		< 100				Manufacturing
Indonesia	Micro	1-4	< IDR 300 million	< IDR 50 million		
	Small	5-19	< IDR 2.5 billion	< IDR 500 million		
	Medium	20-99	< IDR 50 billion	< IDR 10 billion		
Japan	Small	≤ 20				Manufacturing, Construction, Transportation
		≤ 5				Wholesale Trade
		≤ 5				Service Industry
		≤ 5				Retail Trade
	SME	≤ 300			≤ JPY 300 million	Manufacturing, Construction, Transportation
		≤ 100			≤ JPY 100 million	Wholesale Trade
Korea	Micro	< 10				Manufacturing
		< 10				Mining, Construction, Transportation
		< 5				Selected Retail, ICT, Tourism, Entertainment
		< 5				Selected Extraction, Professional Services
		< 5				Selected Wholesale, Environmental Services
		< 5				Other Sectors
Korea	Small	< 50				Manufacturing
		< 50				Mining, Construction, Transportation
		< 10				Selected Retail, ICT, Tourism, Entertainment
		< 10				Selected Extraction, Professional Services
		< 10				Selected Wholesale, Environmental Services
		< 10				Other Sectors
	SME	< 300			≤ USD 8 million	Manufacturing
		< 300			≤ USD 3 million	Mining, Construction, Transportation
		< 300	≤ USD 30 million			Selected Retail, ICT, Tourism, Entertainment
		< 200	≤ USD 20 million			Selected Extraction, Professional Services
< 100	≤ USD 10 million			Selected Wholesale, Environmental Services		
< 50	≤ USD 5 million			Other Sectors		

		Employees	Sales / Revenue	Assets	Capital / Investment	Sector	
Malaysia (effective on 1 January 2014)	Micro	< 5	< MYR 300,000			Manufacturing	
		< 5	< MYR 300,000			Services and Other Sectors	
	Small	5-75	MYR 300,000 – < MYR 15 million			Manufacturing	
		5-30	MYR 300,000 – < MYR 3 million			Services and Other Sectors	
Medium	75-200	MYR 15 million – < MYR 50 million			Manufacturing		
	30-75	MYR 3 million – < MYR 20 Million			Services and Other Sectors		
Mexico	Micro	0-10	≤ MXN 4 million			Industry, Trade, Services	
		Small	11-50	MXN 4.01 million – MXN 100 million			Industry, Services
	11-30		MXN 4.01 million – MXN 100 million			Trade	
	Medium	51-250	MXN 100.01 million – MXN 250 million			Industry	
		31-100	MXN 100.01 million – MXN 250 million			Trade	
51-100		MXN 100.01 million – MXN 250 million			Services		
New Zealand	SME	≤ 19					
		≤ 50					
Papua New Guinea	SME				< PGK 100,000		
Peru	Micro		≤ 150 UIT				
	Small		≤ 1,700 UIT				
	Medium		≤ 2,300 UIT				
Philippines	Micro	1-9		≤ PHP 3 million			
	Small	10-99		> PHP 3 million – < PHP 15 million			
	Medium	100-199		> PHP 15 million – < PHP 100 million			
Russia	Micro	1-15	≤ RUB 60 million				
	Small	16-100	≤ RUB 400 million				
	Medium	101-250	≤ RUB 1 billion				
Singapore	SME	≤ 200		≤ SGD 100 million			
Chinese Taipei	Micro	< 5					
	SME	< 200			≤ TWD 80 million	Manufacturing, Construction, Mining, Quarrying	
		< 100	≤ TWD 100 million			Other Sectors	
Thailand	Small	≤ 50		≤ THB 50 million		Manufacturing	
		≤ 50		≤ THB 50 million		Services	
		≤ 25		≤ THB 50 million		Wholesale	
		≤ 15		≤ THB 30 million		Retail	
	Medium	51-200		> THB 50 million – ≤ THB 200 million		Manufacturing	
		51-200		> THB 50 million – ≤ THB 200 million		Services	
		26-50		> THB 50 million – ≤ THB 100 million		Wholesale	
		16-30		> THB 30 million – ≤ THB 60 million		Retail	
United States	Small	< 500				most Manufacturing and Mining industries	
			< USD 7 million			Non-manufacturing	
Viet Nam	Micro	≤10				Agriculture, forestry and fishery; Industry and	
	Small	11-200			≤ VND 20 billion	Agriculture, forestry and fishery	
		11-200				≤ VND 20 billion	Industry and construction
		11-50				≤ VND 10 billion	Commerce and services
	Medium	201-300				> VND 20 billion – ≤ VND 100 billion	Agriculture, forestry and fishery
		201-300				> VND 20 billion – ≤ VND 100 billion	Industry and construction
		51-100				> VND 10 billion – ≤ VND 50 billion	Commerce and services

Appendix B: APEC SME-Development Initiatives and Activities

(The author developed the theme for 1994-2000 based on the annual SME Ministerial Statements. From 2001 onwards, a theme was provided each year. The list of major activities was taken from the annual SME Ministerial Statements, and based on when the initiatives and activities were first mentioned or highlighted. It should be noted that a significant number of them were multi-year efforts.)

Year	Theme	Major activities
1994	Enhancing the vitality of SMEs	<ul style="list-style-type: none"> - APEC Center for Technology Exchange and Training for SMEs to support the sustainable development of growth of SMEs in the region - APEC Technomart-networking among SME promotion organizations related to technology - APEC Venture Capital Workshop
1995	Importance of SMEs and free trade environment	<ul style="list-style-type: none"> - SME Action Program with five priority areas: human resource development, information access, technology and technology sharing, financing, and market access. - APEC Ad-hoc Policy-Level Group on SMEs
1996	Promote cooperation in fostering the vitality of SMEs	<ul style="list-style-type: none"> - APEC and SMEs – A synthesis of issues, findings and suggestions for future action - Asia-Pacific Business Network - Asia-Pacific Young Entrepreneurs Conference
1997	Access to markets, technology, human resources, financing, information	<ul style="list-style-type: none"> - Framework for APEC SME Activities - Helping Your Business Grow: Guide for Small and Medium Enterprises in the Asia-Pacific Region - APEC Business Forum
1998	SME development, impact of regional financial instability, electronic commerce	<ul style="list-style-type: none"> - A Strategy for Internationalisation of SMEs in Asia-Pacific Area: Lessons from Empirical Study on Korea and other APEC Member Economies - Electronic Commerce Impact Study for SMEs - Integrated Plan of Action for SME Development (SPAN) (include Micro and women enterprises)
1999	Regional Financial Crisis, trade barriers / compliance cost, capital markets, enhancing business linkages	<ul style="list-style-type: none"> - Four priority areas to promote SME growth during financial crisis - Study on Women Entrepreneurs in SMEs in the APEC region - APEC Business Matching and Advice - Consumer Education and Protection Initiative
2000	Capacity building, electronic commerce, access to financial and capital markets, harnessing diversity for shared economic prosperity	<ul style="list-style-type: none"> - APEC Website for Business - Framework for the Integration of Women in APEC - APEC SME Business Network Promotion Forum - APEC Start-up Companies and Venture Capital Survey - APEC SME Profile 2000 - Business Partnership Initiative for SMEs - Evolving Cooperation Initiative for SME and New Business Support - APEC 2000 SME Electronic Commerce Workshop - E-Commerce Symposium on SMEs Initiative - Operational Environment of APEC SMEs after China's Accession to WTO
2001	"New Century, New Challenges: Innovation and Environment for SME Development"	<ul style="list-style-type: none"> - Strategic Alliance for Better Global Supply Chain Management Conference - Scorecard for Entrepreneurial Environment - US-Thailand Strategic Alliance and Matchmaking Program - APEC SME Portal Hub - Training and Certification of SME Counsellors Program

Year	Theme	Major activities
2002	"Expanding the Benefits of Cooperation for SMEs"	- Symposium on Best Practices for Women Entrepreneurship and Start-up Companies
		- From Income Generation to Patent Creation: Incubating Innovative Micro-enterprises
		- APEC IBIZ
		- E-APEC Strategy
		- Virtual Classroom and Cyber Forum of the HCB Promotion Program Website
		- Economic Contributions of Women and Men in APEC Economies
		- Evaluation Framework for SPAN Policy Framework
2003	"Strengthening an APEC Entrepreneurial Society"	- International Business Cooperation in the Sphere of Innovative Entrepreneurship
		- Action Plan to Promote Micro-enterprise in APEC economies
		- APEC Symposium on Best Practices for Financing Chains
		- Seminars on Growing the APEC SME Exporter Community
		- Micro-enterprise Annual Work Plan
		- MOU among APEC SME Banks
2004	"Opportunity for Entrepreneurial Growth"	- US Voluntary Visitors Program for APEC SME Government Officials
		- Santiago Agenda on Entrepreneurship
		- APEC SME Coordination Framework
		- Symposium on Industrial Clustering for SMEs
		- The Need and Availability of Micro-finance Services for Micro-enterprises: Building Multi-level Good Practices into Local Context
		- Enabling e-Micro-enterprise Environment: Through Survey and e-Community Based Capacity Building
		- Reducing SMEs' Compliance Cost
2005	"Promoting Innovation of SMEs"	- APEC SME Technology Conference and Fair and APEC SME Service Alliance Forum
		- Seminar on Environmental Management for APEC Micro-enterprises: Towards Sustainable Development
		- Micro and Small Enterprise Financing: A Tool for Mainstreaming the Informal Sector
		- The Daegu Initiative on SME Innovation Action Plan
		- SME Impediments Monitoring System
2006	"Strengthening SME Competitiveness for Trade and Investment"	- Workshop on Best Practices on Mentoring Systems: Keys to Reducing APEC SME Loans Default
		- APEC SME Innovation Center
		- Guide on Pandemic Preparedness Planning and Implementation for Small Businesses
		- Conference on Strengthening Support and Cooperation for the Development of APEC SMEs
2007	"Driving SME Growth through Economic Reform"	- APEC Pandemic Flu Planning Guide for SMEs
		- APEC-OECD SME Internationalization Initiatives
		- APEC SMEWG Intellectual Property Rights Seminar
		- Enhancing the Market Development of Local Cultural Industries in APEC
		- Sharing Best Practice Micro-enterprises Policy Initiative

Year	Theme	Major activities
2008	"Sustainable Local Development to Foster SMEs Growth"	<ul style="list-style-type: none"> - APEC High Level Meeting on Driving SMEs to Promote Local Development - SMEWG Strategic Plan 2009-2012 - Integrate Awareness of Corporate Social Responsibility for SMEs - APEC SME Global Competitiveness Forum - Capacity building seminar on Access to Finance for SMEs
2009	"Helping SMEs Access Global Markets and Overcome Trade Barriers"	<ul style="list-style-type: none"> - APEC SME Market Research and Capability Development Center - APEC Business Fellowship - Workshop on Developing Trading Houses for Strengthening SMEs Global Market Network - Study on Export Technical Assistance Models - APEC SME Crisis Management Center - Principles and Checklist of Financial Crisis Management for APEC SMEs - Key Performance Indicators of SMEWG Strategic Plan - APEC SME Technology Entrepreneur Seminar - Empower Women in the APEC Region Through Trade - Global Solutions for Women's Economic Empowerment
2010	"Strategy for Re-invigorating Economic Growth with Dual Engine: SME and Asia-Pacific Economy"	<ul style="list-style-type: none"> - Study on SME Internationalisation Best Practices - Green Initiative - Gifu Initiative on SMEs' access to global markets - One Village One Product - APEC SME CEOs' Network
2011	"Leveraging Partnerships with APEC Small Business to Foster Innovation and Create an Entrepreneurial Society"	<ul style="list-style-type: none"> - APEC Business Ethics for SMEs Initiative - Kuala Lumpur Principles Medical Device Sector Codes of Ethics - Green Growth Seminars - Symposium on Enhancing SME Capacity of Managing the Risks Associated with Trade Liberalization
2012	"Promoting SME Cooperation for Innovative Growth in the APEC Region"	<ul style="list-style-type: none"> - SME Working Group Strategic Plan 2013-2016 - Guideline on Promoting SME Business Continuity Plans to Strengthen Reliability of Supply Chains - 2011-2012 APEC Small & Medium Enterprises Technology Conference - Young Entrepreneurs Network, Summit of Young Entrepreneurs - APEC Start-up Conference
2013	"Enhancing SME Global Competitiveness"	<ul style="list-style-type: none"> - APEC Start-up Accelerator Leadership Summit 2013 and APEC Accelerator 2014 Initiative - Workshop on the Dynamic of SMEs: Informality and Women Entrepreneurship - APEC SME Trade Finance Conference - The Directory of Initiatives available in APEC Economies to Assist SMEs' Access to Global Markets - Workshop on Stakeholder Awareness for the Healthcare Sector - APEC Green Business Forum - APEC Train-the-Trainer Workshop on Promoting SMEs Business Continuity Plans - APEC SME Exhibition Local to Global: Locally Connected, Globally Competitive