

Remarks by
Ambassador Mario Artaza
Executive Director of the APEC Secretariat
to the
11th Small and Medium Enterprise Ministerial MEETING
6-7 October 2004
Santiago, Chile

Honorable Ministers,
Distinguished delegates,

It is a pleasure to be here in Santiago to address this Small and Medium Enterprises Ministers' Meeting.

I want to thank our host for the facilities and hospitality that have been extended to the APEC Secretariat delegation.

This meeting is a very important event on the annual APEC calendar because you, the Ministers representing the interests of SMEs, have a constituency that makes up 95% of all enterprises in the APEC region.

SMEs are a major engine for economic and create hundred of millions of jobs throughout the region. In recognition of this importance, APEC has given a high priority to the development of these enterprisers and to the entrepreneurs behind them.

The APEC 2004 sub-theme of "Opportunities for Entrepreneurial Growth" highlights the importance of empowering and broadening opportunities for SMEs and Micro Business.

In 2004 the APEC process has made a commitment to identify best entrepreneurial practices in the APEC community. To this end the adoption of the "Santiago Agenda on Entrepreneurship" by this ministerial meeting will increase the competitiveness of our economies through the development of entrepreneurial skills and human resources.

It is also expected that the implementation of the Santiago Agenda on Entrepreneurship will help to alleviate the shortage of entrepreneurs that the APEC region is currently facing.

The Agenda underlines the importance of promoting the creation of new and innovative ventures in our region as has been cited in the APEC publication "The Profile of SMEs" and "SME Issues in APEC 1990 – 2000."

The 2004 APEC Year hosted by Chile is a particularly busy year with more ministerial meetings than usual, with this meeting being one of seven ministerial meetings being held in Chile, one in New Zealand, and the other two in the Philippines and Indonesia. We are almost at the end of this schedule with only the Tourism Ministers Meeting in Punta Arenas next week and the Annual Ministerial Meeting in Santiago in September.

Throughout the year however the other seven APEC Ministerial Meetings that have taken place have covered a number of areas that are of interest to this meeting of SME Ministers. I will update you briefly on some of these issues.

In particular the meeting of APEC Education Ministers addressed an issue of concern to SMEs in many industry sectors. The lack of knowledge of English and foreign languages by people in our region was highlighted by the meeting of APEC Education Ministers who met in Santiago in April. This is an important issue for SMEs engaging in international trade with people from other economies. SMEs in general, and those involved with tourism in particular are most benefited by this initiative to expand training and education programs relating to the use of English and other common languages.

The APEC Education Ministerial Meeting also requested that the APEC Education Network from the Human resources Development Working Group work with other relevant APEC Fora to develop a Strategic Plan for English and Other Languages in the APEC Region. The request from Education Ministers has been sent to APEC Fora including the APEC Business Advisory Council (ABAC), the Small and Medium Enterprises Working Group and of course to this meeting of SME Ministers.

APEC Ministers Responsible for Trade meeting in Pucón, in the south of Chile in June have since reaffirmed their support for this strategic plan.

Following the signing of the Memorandum of Understanding on Cooperation Among APEC Financial Institutions Dealing with SMEs at the 2003 APEC Finance Ministers Meeting, the signatory member institutions have convened their first meeting. Taking place in July in Thailand, the meeting also included a two-day Conference on promoting APEC Entrepreneurs from a financiers perspective.

This MOU is intended to strengthen the collective capacity of financial institutions who are active in dealing with the interests and activities of SMEs and micro enterprises, to assist these businesses. Ultimately the agreement will make it easier for SMEs and micro enterprises to access the formal financial sector to grow and develop their businesses .

The ministerial meeting process has been very busy during this APEC year. As information from other ministerial meetings will be presented throughout this ministerial meeting, developments from this meeting of Small and Medium Enterprises Ministers' Meeting will be presented to other meetings in the APEC process.

There is an increased interest throughout the APEC process in supporting the development of the small business sector. In this regard the Secretariat has tabled document number 2004/SMEMM/008 on SME related activities of APEC Fora.

This document is a comprehensive report of the main activities that different committees, sub committees, and working groups conducted in 2004 that are benefiting SMEs and micro enterprises.

I will not discuss all of the SME relevant events and issues that are taking place in APEC fora or I would be talking with you for the rest of the day. There are obviously a lot of SME related activities taking place and I will provide you with a sample of these.

Firstly, I will mention the SOM Committee on Economic and Technical Cooperation, or ESC, has now approved the APEC SME Coordination Framework. This framework aims to facilitate and enhance cooperation on SME issues with the SME Working Group in a number of areas across the APEC process.

This Committee is also charged with organizing the second APEC Roundtable with International Financial Institutions on ECOTECH under the theme "The Importance of Promoting Education and Developing Knowledge-Based Economies for SMEs and Micro-enterprises in the Asia Pacific Region.' Unfortunately the Roundtable, which was scheduled to take place on 29 September this year, had to be postponed due to the overlapping schedule of the meeting with the annual World Bank-IMF meeting. It is hoped this meeting will convene next year.

Agricultural production is also an area in which SMEs play an important role. The APEC Agricultural Technical Cooperation Working Group has worked on the development and transfer of agricultural technologies to SMEs. This work provides benefits beyond the farmers to work on production and processing, as well as marketing and the distribution of agricultural products.

The Group is now intending to conduct a training program to enhance the skills of academics, government and business participants in the post harvest industry to assist SMEs. The aim of this program is to enhance post harvest handling systems for agri-food products and prevent the loss that often occurs through inefficient practices.

Another area of the APEC process that has been active on SME issues is the Human Resources Development Working Group. This group has conducted an APEC symposium on Human Resources Development Strategies for Small and Medium Enterprises in Korea this past July. The objective of the symposium has been to bring social partners, government, employers, associated institutions and individuals together to develop a better understanding on HRD strategies for small businesses. One of the main issues for the symposium was a focus the responsibilities of SMEs as employers.

The Industry Science and Technology Working Group (ISTWG) conducted three projects funded by APEC that are directly benefiting SMEs. These involve addressing the challenges posed by new technologies and developing policies to support SMEs, the role of entrepreneurship in a globalized world, and enhancing SME access to information on emerging technologies.

The Tourism Working Group has also been active an emerging area of interest to SMEs, the area of e-Commerce. The group is investigating best practices of e-commerce application to the Small and Micro Tourism Enterprises, or SMTE sector. This is expected to increase exchange of know-how and relevant information among APEC member economies.

I think this range of SME related activities taking place around the APEC process gives you a firm indication of importance of the SMEs and Micro-Enterprises to APEC.

Finally the APEC Secretariat stands ready to serve this meeting and assist in the execution of your directives. The Secretariat, which is based in Singapore, is staffed by fifty professional and support staff who provide ongoing coordination and communications support to the APEC process.

As ministers consider the issues before this meeting I am confident your decisions and instructions will deliver substantial benefits for Small and Medium Enterprises in the regional.

Thank You.