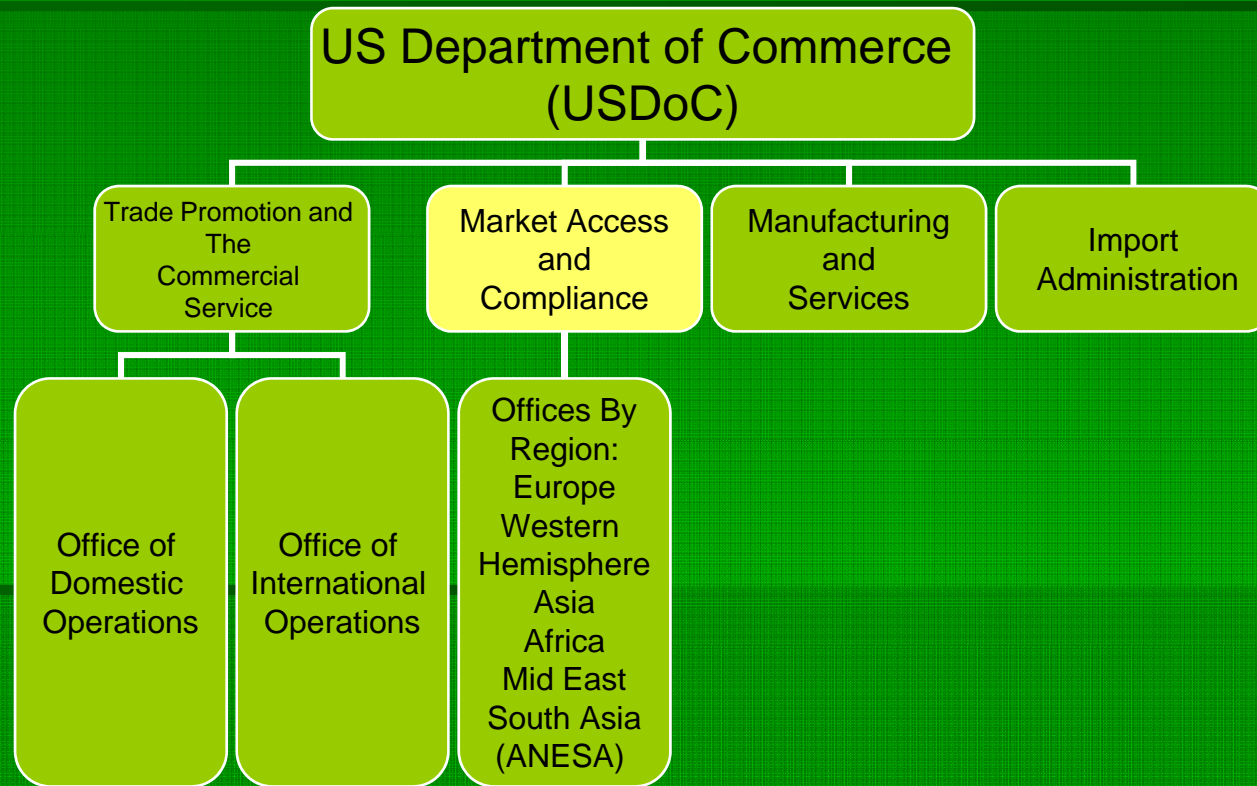


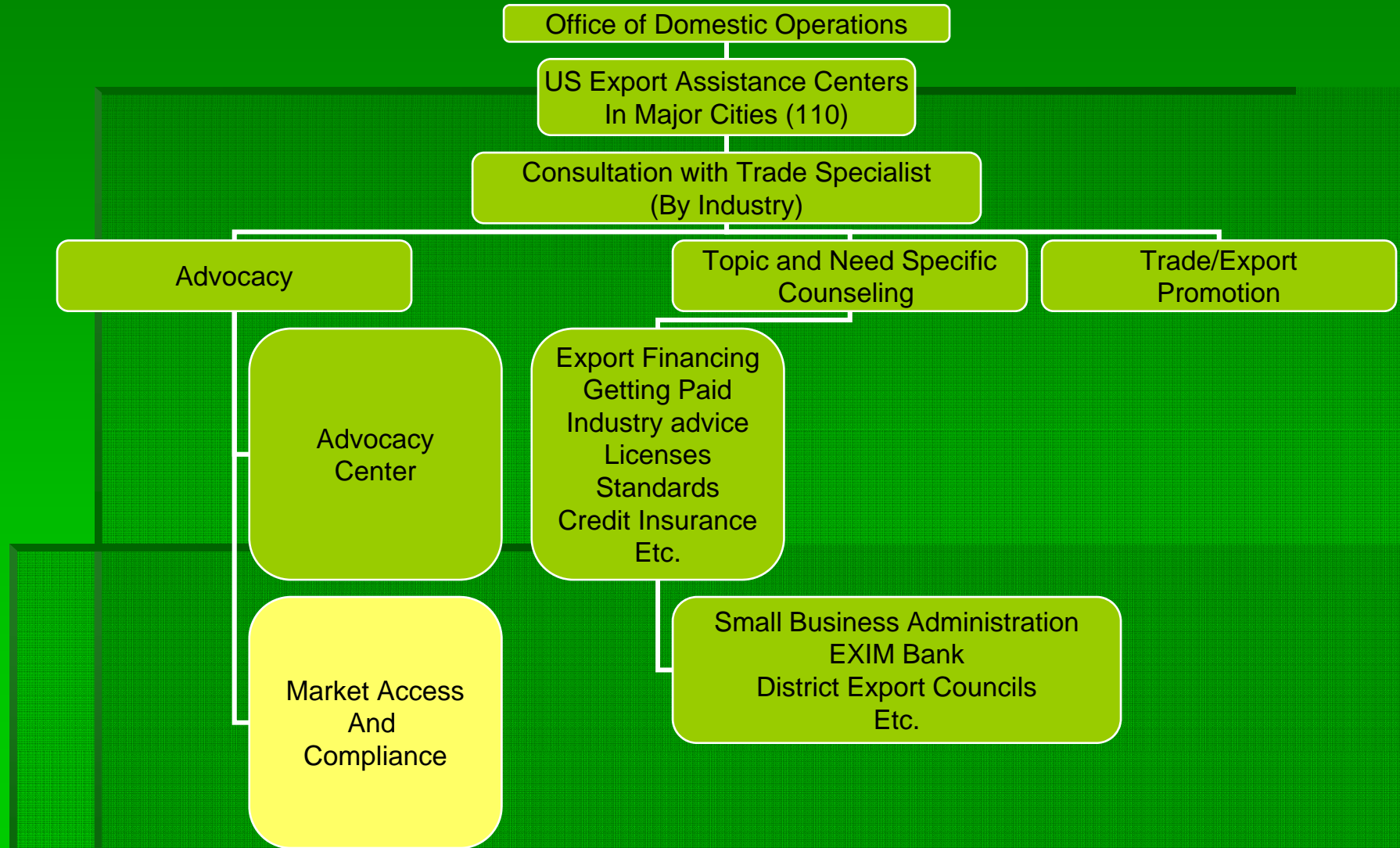
US Department of Commerce and US Trade Representative's Programs for Helping American SMEs Compete Internationally

Presented By:
Candace Chen, President
Power Clean 2000, Inc.
Whole Earth Essentials, LLC
Los Angeles, California USA

Overview



Getting Started



Export and Trade Promotion Programs (For FEE \$)

- Commercial News USA (Magazine)
- Promotes products and services to buyers, distributors, and representatives in more than 145 countries.
- Distributed outside of the United States, free to buyers, through U.S. Embassies/Consulates, trading partners, trade shows.
- Distribution – Approx. 140,000 copies in more than 145 countries. Total estimated readership is 450,000.
- Multiple languages - Spanish and Chinese issues.
- Web Site Listing - The publication is also available on-line at www.export.gov/cnusa.
- Listings start at \$495.
- Credibility - An official US Department of Commerce export promotion magazine for more than 20 years.

International Partner Search

- Client fills out application listing the relationship they seek.
- USEAC sends catalogues and product info to US Embassy/Commercial Section overseas.
- Receive detailed information about prospective partners and marketability of products and services in the host country.
- Takes about 15 working days.

Featured US Exporters (FUSE)

- Directory of U.S. products featured on U.S. Commercial Services websites around the world.
- Opportunity to target specific markets in the local language of business.
- Listings offered to qualified U.S. exporters seeking trade leads or representation in over 50 markets around the world.
- Nominal participation fee for one year (\$150) is based on the number of markets selected and translation requirements.
- Choose at least 5 English language markets, or some other combination totaling \$150 USD or more. Companies that wish to renew their listings may pay a reduced fee.

Gold Key Service

- Appointments with pre-qualified sales representatives and partners.
- Meetings can take place at American Embassy.
- Customized market and industry briefings with U.S. Commercial Service staff in advance of business meetings.
- Market research on client's industry sector.
- Assistance with travel, accommodations, interpreter service, and clerical support.
- A video conference option if client schedule doesn't permit international travel – also available without GKS.
- Post-meeting debriefing with U.S. Commercial Service staff to discuss results of meetings and assistance in developing appropriate follow-up strategies.

Platinum Key Service

- Customized and long term (typically six months to one year) sustained support
- Tailored to the client
- Insights on the best markets for client's products and services
- Help with developing business partnerships, market entry and sales strategies
- On-going leads and insights on specific sectors and opportunities
- Regular updates and analysis to keep abreast of change in market developments
- Help in understanding and resolving regulatory and product standards issues
- Advice on potential market entry barriers, duties, tariffs, and quotas
- Assistance in identifying and winning government contracts
- Help with specific major projects

Show Time and Trade Shows

- Show Time is a service designed to help U.S. companies identify additional high-potential markets for their products while attending/exhibiting at major Trade Shows.
- Clients can meet with Commercial Service Trade Advisors from various countries to receive one-on-one counseling sessions on exporting to these markets.
- Catalogue exhibitions – client's brochures displayed in Commercial Service booth

Single Company Promotion

- Designed to help U.S. company launch a product or service overseas, find new customers, conduct a technical training program on their product or service, or otherwise get the word out about their capabilities.
- Help company organize a promotional event, including helping identify the right attendees from the overseas business community, locating a suitable venue, sending invitations, promoting the event, and performing other logistical support.

Trade Missions

- These events are organized to “match” U.S. clients with potential business partners in foreign countries
- High level networking opportunities
- Usually combined with Gold Key Service
- Companies must be qualified
- Credibility

International Company Profile (Due Diligence)

- International Company Profiles
- Provides client with background reports on foreign companies.
- Trade specialist can report for overall strength of a company and provide useful information collected from industry contacts, local press, and other sources.
- These reports are required by many export financing organizations.
- A detailed background report on a prospective sales representative or partner in 10 days or less.
- A listing of the company's senior management.
- Banking and other financial information about the company.
- Insight on whether the prospective partner can meet client's needs.
- Opinion as to the strength of the company versus its competitors.
- Insight into the strength of the industry in client's target market

Export and Trade Promotion Resources (FREE)

- Export.gov, BuyUSA.gov, Trade.gov
 - Central location for all things related to export trade (Department of Commerce)
 - General Market Research Reports
 - Basic Guide to Exporting for General Overview
 - Trade Statistics to determine which countries import client's products
 - Market Research Library
 - Webinar to learn about new markets
 - Webcasts to learn best practices
 - Trade leads database
- 1-800-USA-TRADE
 - U.S. Export Assistance Centers (110 offices in major cities)
 - Consultation with Trade Specialist
 - Consultation with trade partners – Federal, State, County. Local
 - Consultation with District Export Council members

District Export Councils (DEC)

- A DEC is a local level advisory group to the US Export Assistance Center (USEAC)
- Works closely with (USEAC) to help with client counseling, trade promotion and lobbying
- Business leaders from the local community
- Appointed by the US Secretary of Commerce
- Volunteer based
- Members are large and small firms
- 2/3 of US SMEs have less than 20 employees
- California has 4 DECs (NorCal, So. Cal Regional, Inland Empire, San Diego)
- Annual National DEC Conference (Oct 15-17)
- (www.deconference.com)
- www.scrdec.org

Office of the United States Trade Representative (U.S.T.R.)

- Trade policy focus
- Negotiate directly with foreign governments to create trade agreements, resolve disputes and participate in global trade policy organizations.
- The agency was founded in 1962 and has offices in Geneva and Brussels.
- Cabinet level
- Meet with governments, business groups, legislators and public interest groups to gather input on trade issues and explain the president's trade policy positions.
- Works closely with more than a dozen government agencies and commissions

Industry Trade Advisory Committees

- A unique public-private partnership jointly managed by the U.S. Department of Commerce and the Office of United States Trade Representative
- Members are business leaders who help formulate U.S. trade policy.
- Members are appointed by both US Secretary of Commerce and USTR
- Security clearance
- Regular meetings in Washington
- ITAC11 is the highest U.S. federal level advisory committee on SMEs.

List of ITAC Committees

- ITAC 1 - Aerospace Equipment
- ITAC 2 - Automotive Equipment and Capital Goods
- ITAC 3 - Chemicals, Pharmaceuticals, Health/Science Products & Services
- ITAC 4 - Consumer Goods
- ITAC 5 - Distribution Services
- ITAC 6 - Energy and Energy Services
- ITAC 7 - Forest Products
- ITAC 8 - Technologies, Services and Electronic Commerce
- ITAC 9 - Non-Ferrous Metals and Building Materials
- ITAC 10 - Services and Finance Industries
- ITAC 11 - Small and Minority Business
- ITAC 12 - Steel
- ITAC 13 - Textiles and Clothing
- ITAC 14 - Customs Matters and Facilitation
- ITAC 15 - Intellectual Property
- ITAC 16 - Standards and Technical Trade Barriers

Thank You!

I LOVE QUESTIONS!

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Enhancing Entrepreneurship for SMEs

Hanoi 17 20 June 2008

APEC SME WG

**Why banks are not getting enough finance to SMEs, and what you
can do about it.**

Best practice in finance and management development services

Chris Hall

Macquarie Graduate School of Management

PECC SME Network Leader

Chris.Hall@bigpond.com



PACIFIC ECONOMIC COOPERATION COUNCIL



Bank lending trends appear to be restricting entrepreneurial engine opportunities in APEC

There are about 77 million SMEs in APEC

These SMEs provide half of the jobs, half of the GDP and most of the job creation in APEC

Banks are important to financing SMEs and the growth and opportunities SMEs bring.

Banks provide about half the finance for SMEs, and are the largest provider of finance to SMEs

Real growth of bank lending to SMEs appears to be not even keeping up with inflation let alone with growth of GDP.

APEC needs to get a better understanding of these trends and monitor them more effectively

How does the entrepreneurial Engine work?

about 1%
of firms

Large firms employ about half the workforce,
but add relatively few net jobs

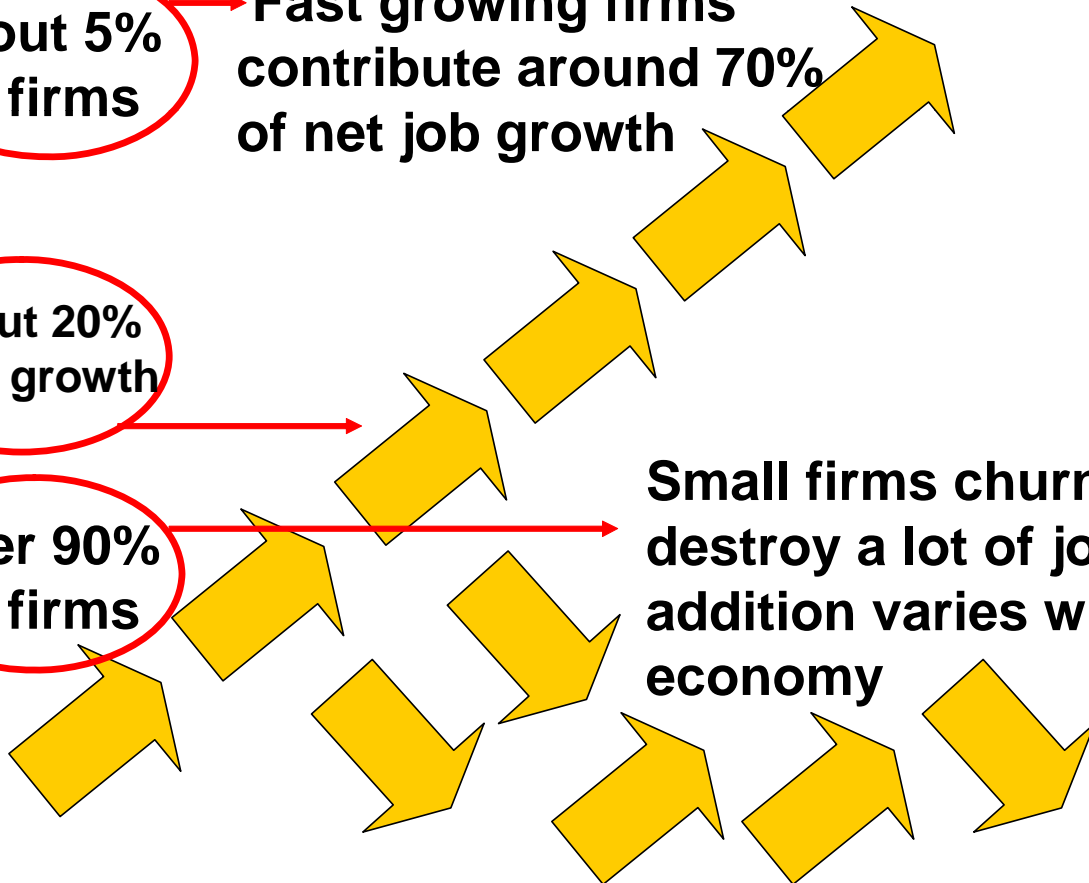
about 5%
of firms

Fast growing firms
contribute around 70%
of net job growth

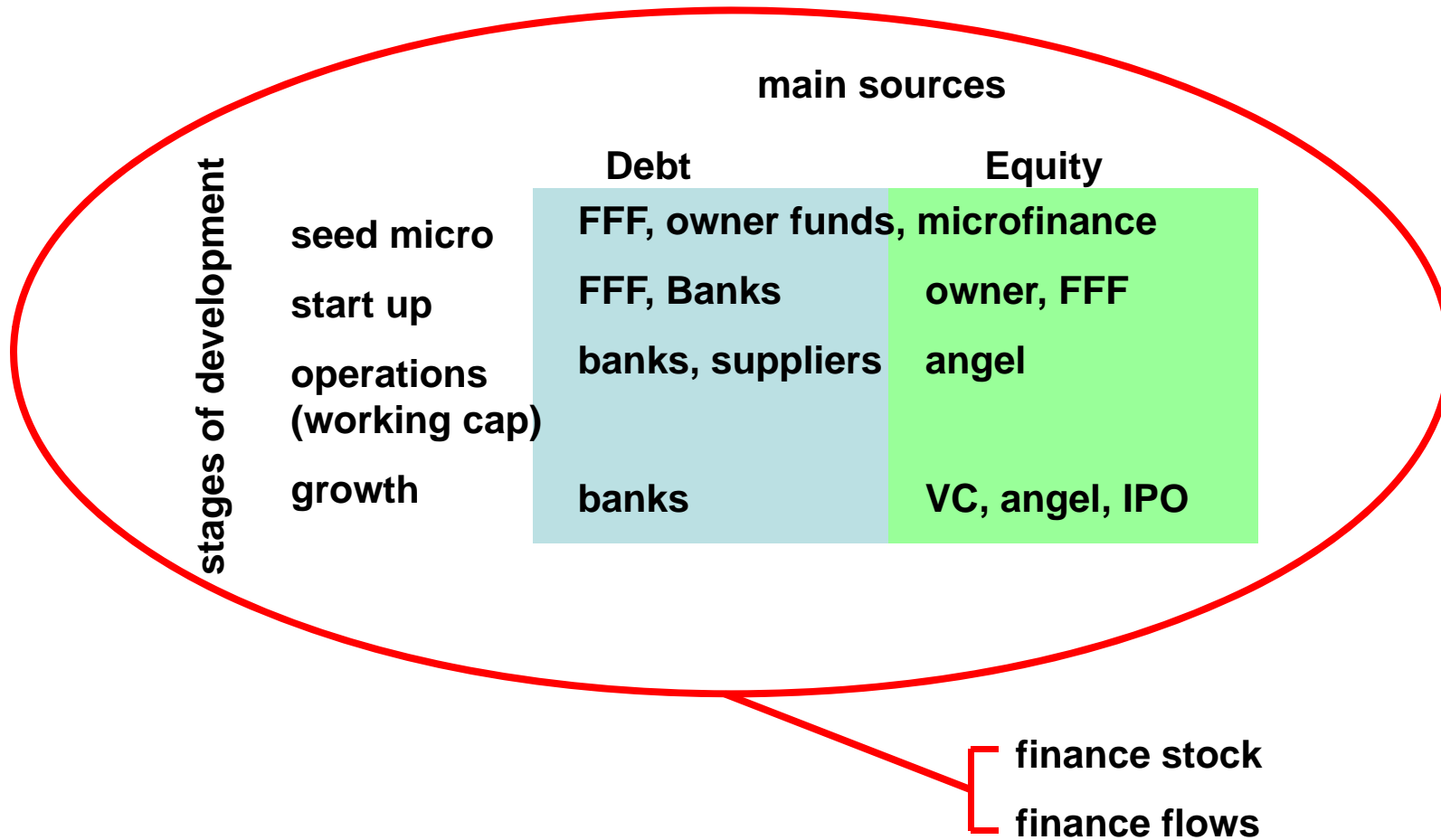
about 20%
seek growth

over 90%
of firms

Small firms churn, add and
destroy a lot of jobs, - net
addition varies with cycle and
economy



Where do SMEs get finance to be able to grow and survive?



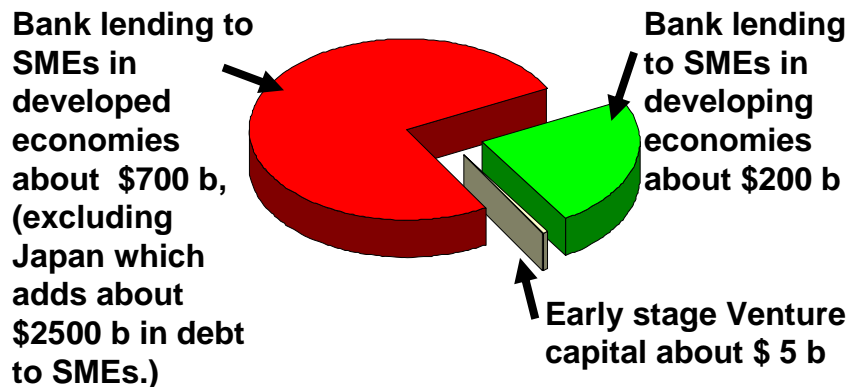
What do we know of the pattern of finance to SMEs in APEC?

Data sources are limited, only a few economies have regular updated reliable information on SME finance needs and supply, and all of these are 2010 economies

In most cases the data are based on size of loan, not size of firm.

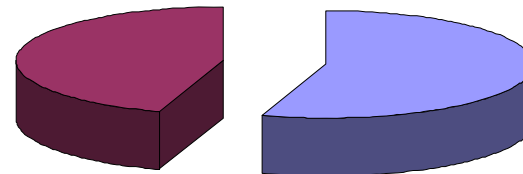
In fact most lending to SMEs is from Banks. VC is a tiny proportion.

Equity and trade finance provide most of the rest.



Banks are the biggest source of funds to SMEs, and potentially the biggest source of information, advice and mentoring

Banks supply about 50% of finance for established SMEs



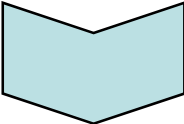
Banks remain the single biggest provider of finance to established SMEs, supplying over 50% of funds in economies for which data are available

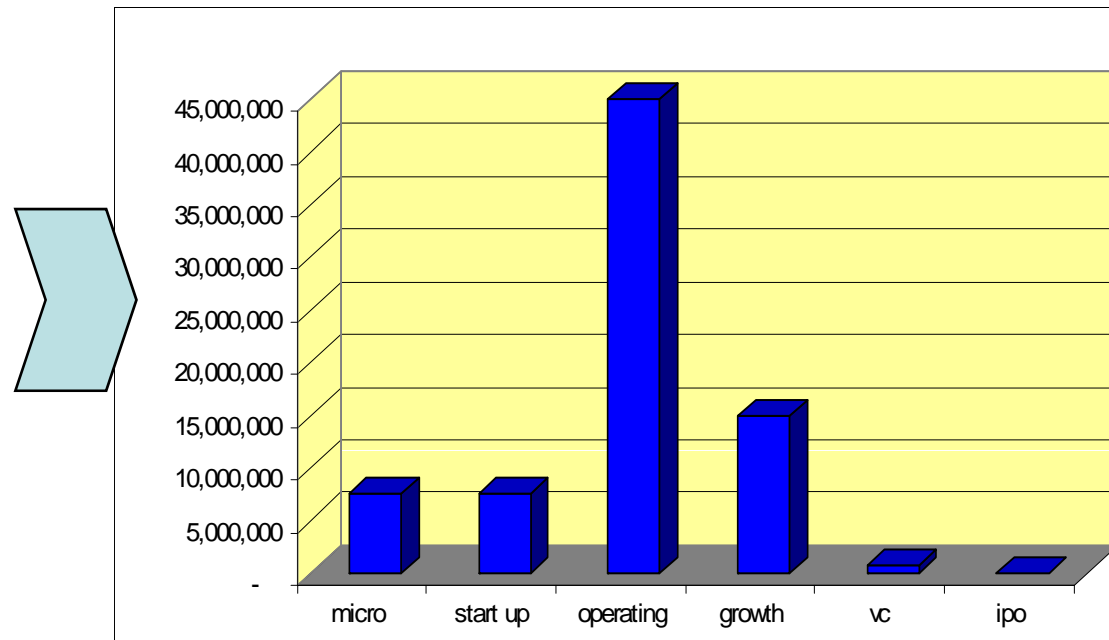
note: these are approximate figures based on modelling

Benchmark modelling of SME finance needs in APEC

Based on there being about 75million SMEs in APEC, and that finance is able to flow freely, so is available to all SMEs in APEC

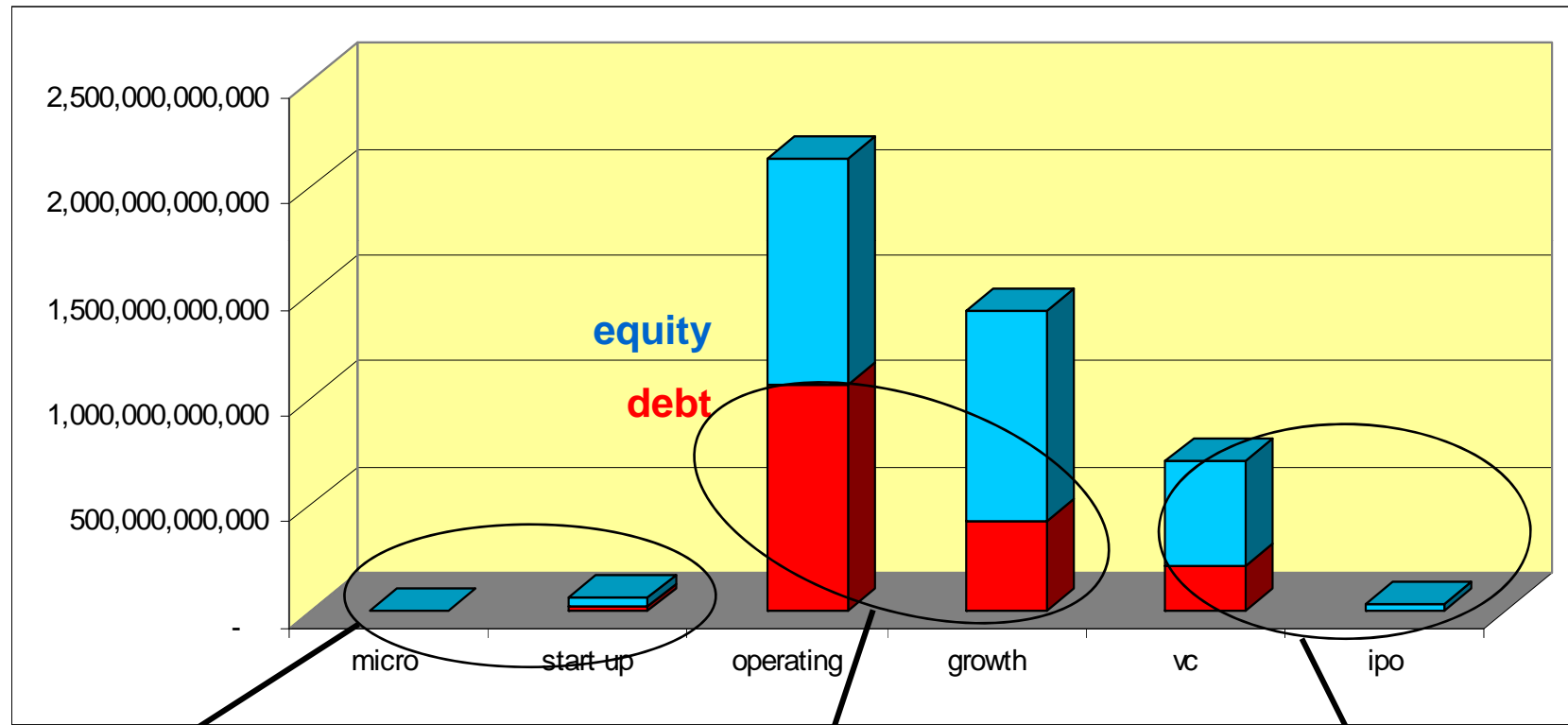
10%	SMEs are micro	\$100 each	50% debt 50% equity
10%	start up	\$10,000 each	30% debt 70% equity
60%	operating	\$50,000 each	50% debt 50% equity
20%	growth	\$100,000 each	30% debt 70% equity
.01%	VC	\$1,000,000 each	30% debt 70% equity
.0001%	IPO	\$10,000,000 each	10% debt 90% equity


**the
distribution of
SMEs by stage
is likely to be**



Benchmark pattern of SME finance needs in APEC

suggests that there is a demand for a stock of about \$4.5 trillion for SME finance in APEC in 2010, about 60% (\$ 2.7 t) equity, and 40% (\$1.8 t) debt.



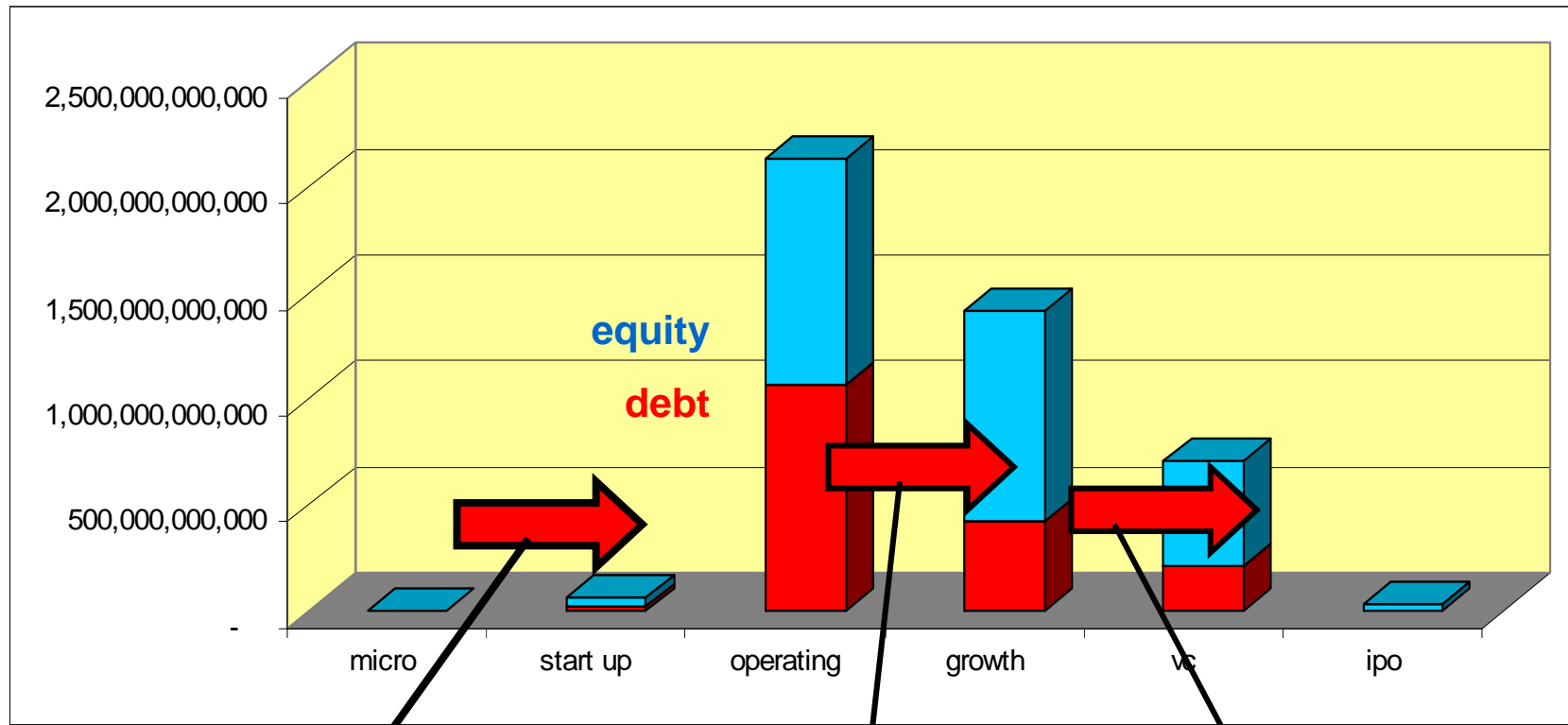
micro lending and start up finance is a tiny proportion, but important to growth and economic resilience

banks provide the bulk of SME finance for working capital and growth

VC and IPO only go to a tiny proportion of firms, and only in a few economies, so most SMEs don't get access

Stickiness in financing

There is some evidence of stickiness (finance gaps) as growing firms move through stages, and change their finance needs, eg

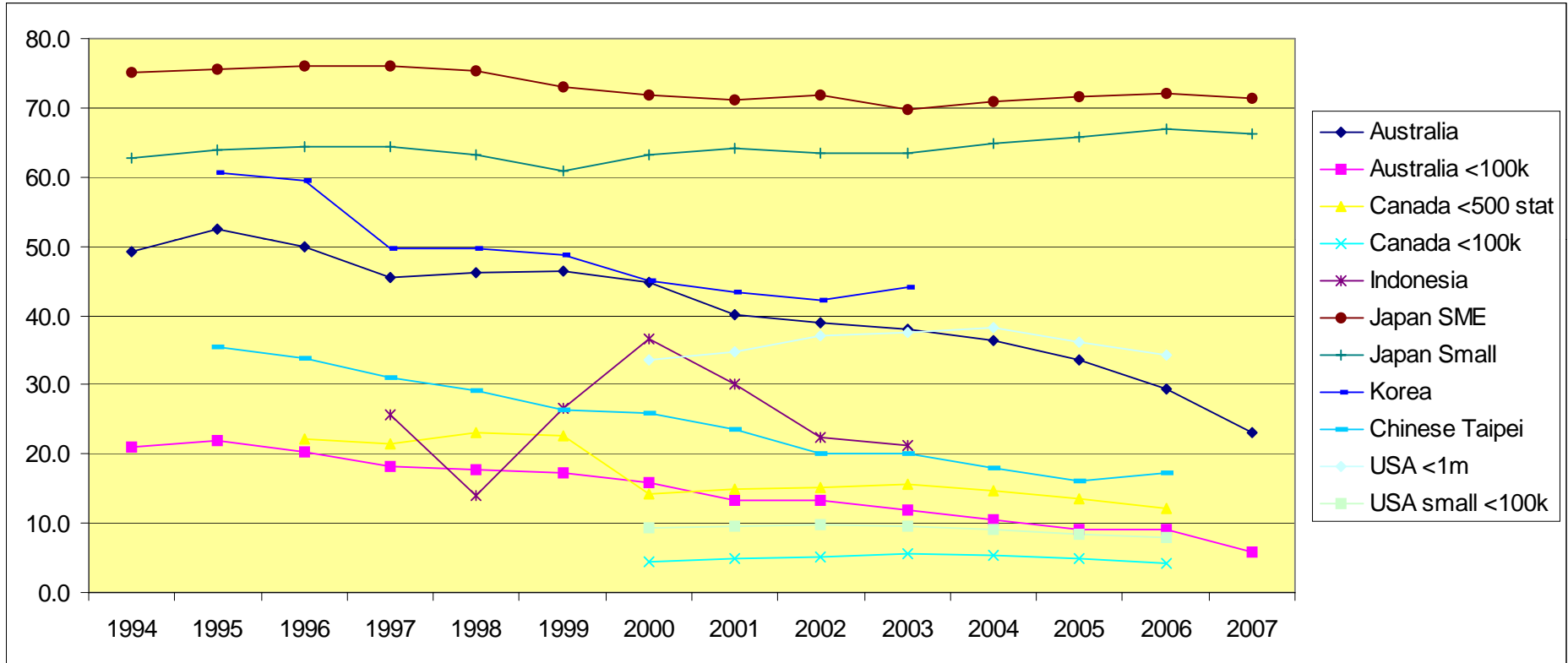


going from micro to start up or operating requires formal financing

going from debt to equity requires better governance

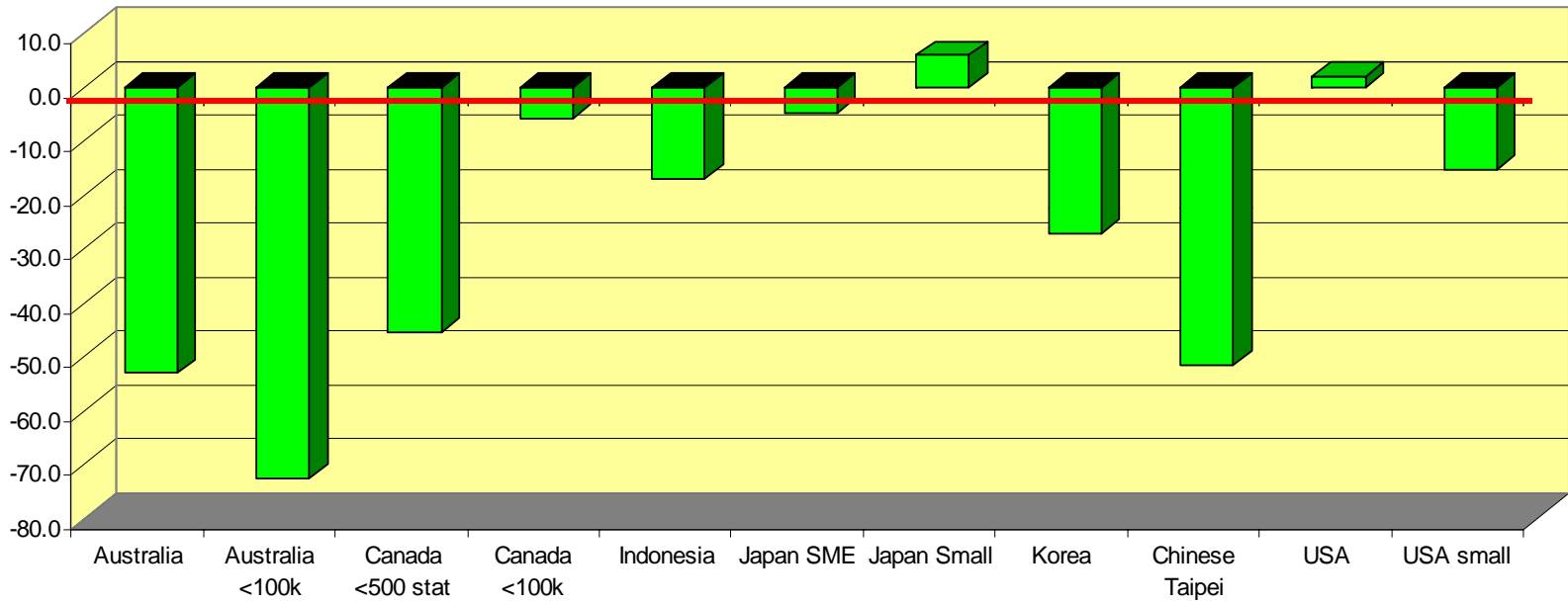
going to public equity requires investment readiness

The proportion of bank lending to SMEs in most economies has declined



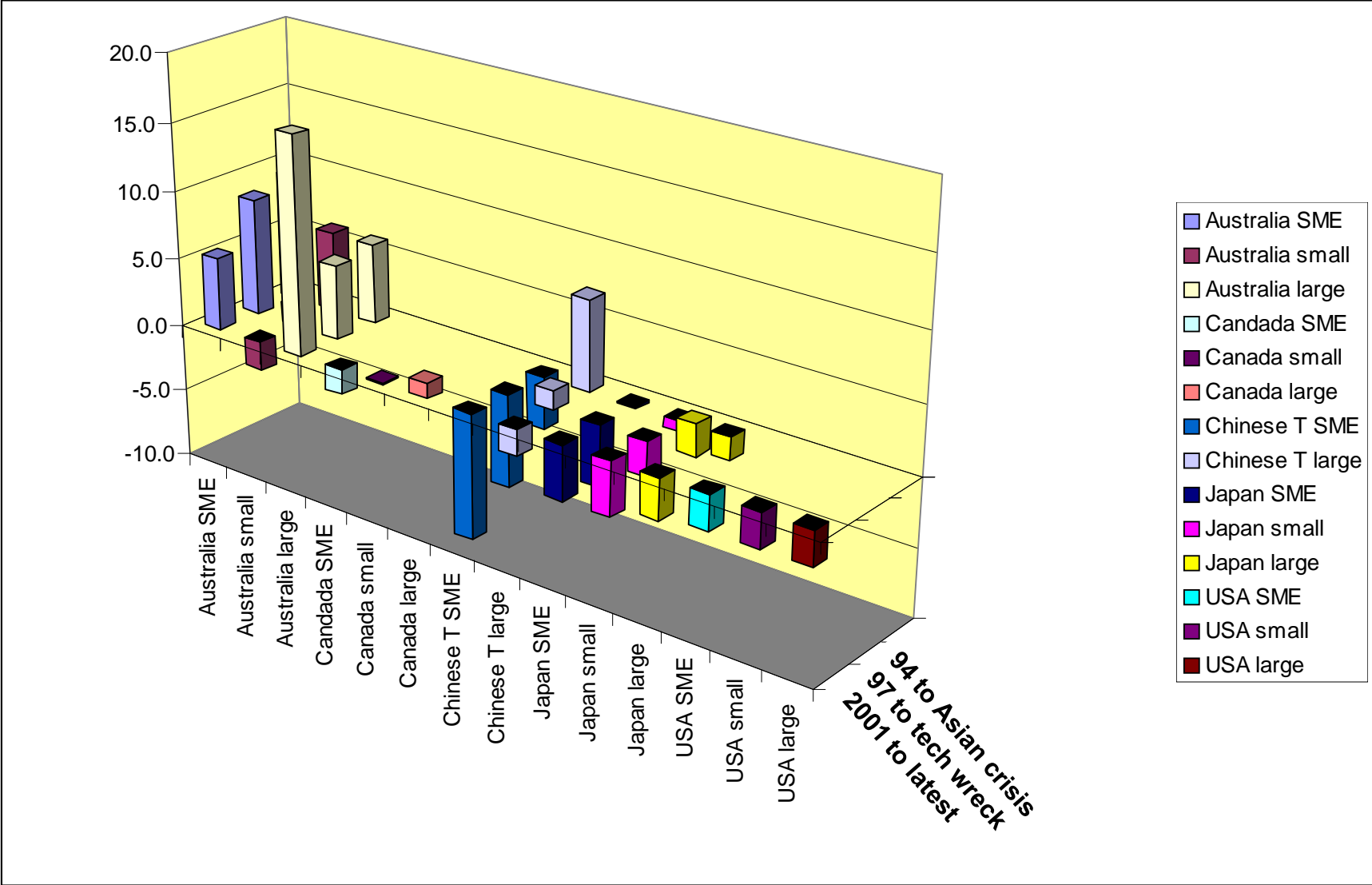
Bank lending on small loans or to SMEs as a % of total lending has declined in most economies for which data are available over the last 15 or so years

The proportion of bank lending to SMEs in most economies has declined



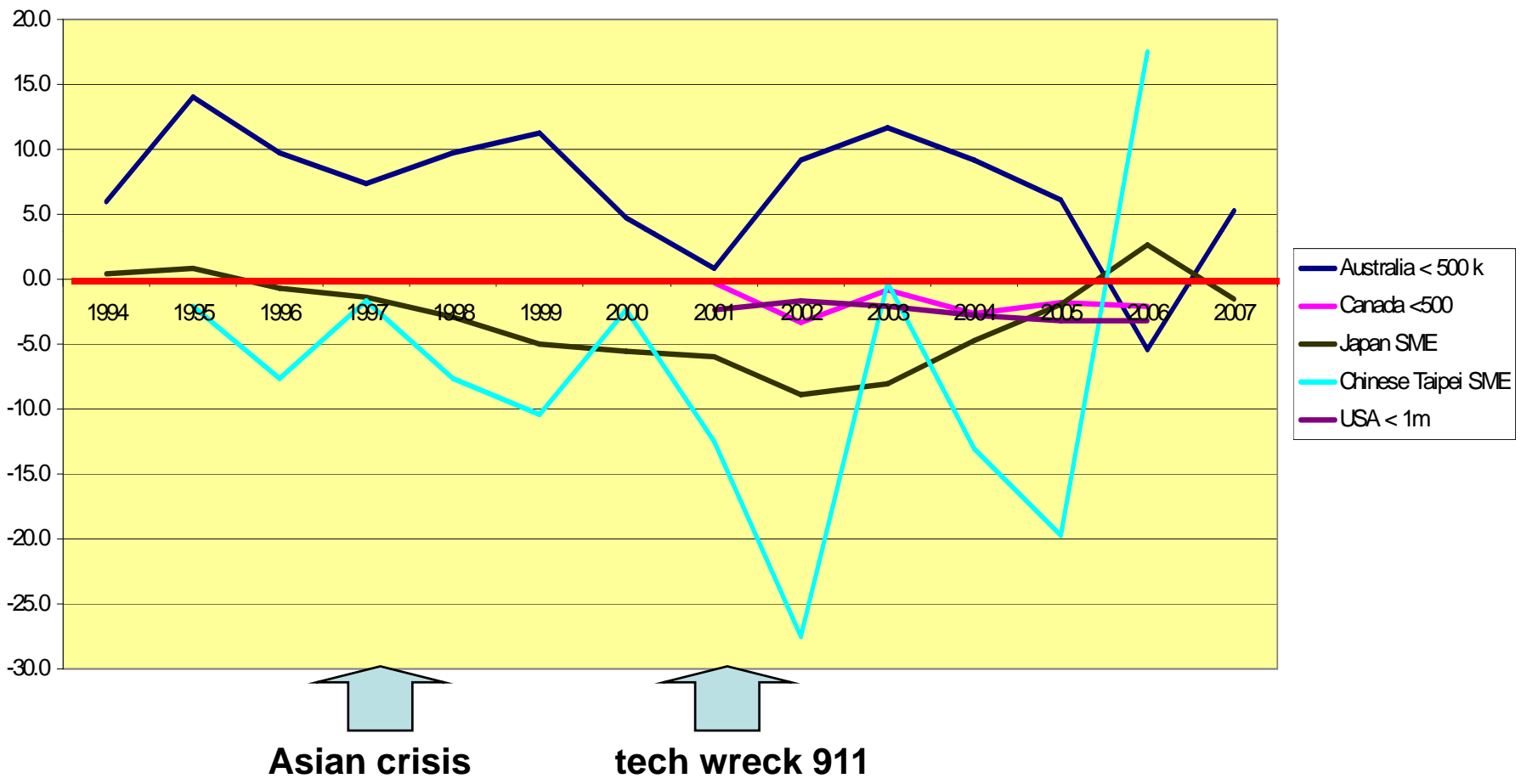
.... and the decrease is bigger than can be explained by inflation....

Real growth of bank lending to SMEs is negative in many economies

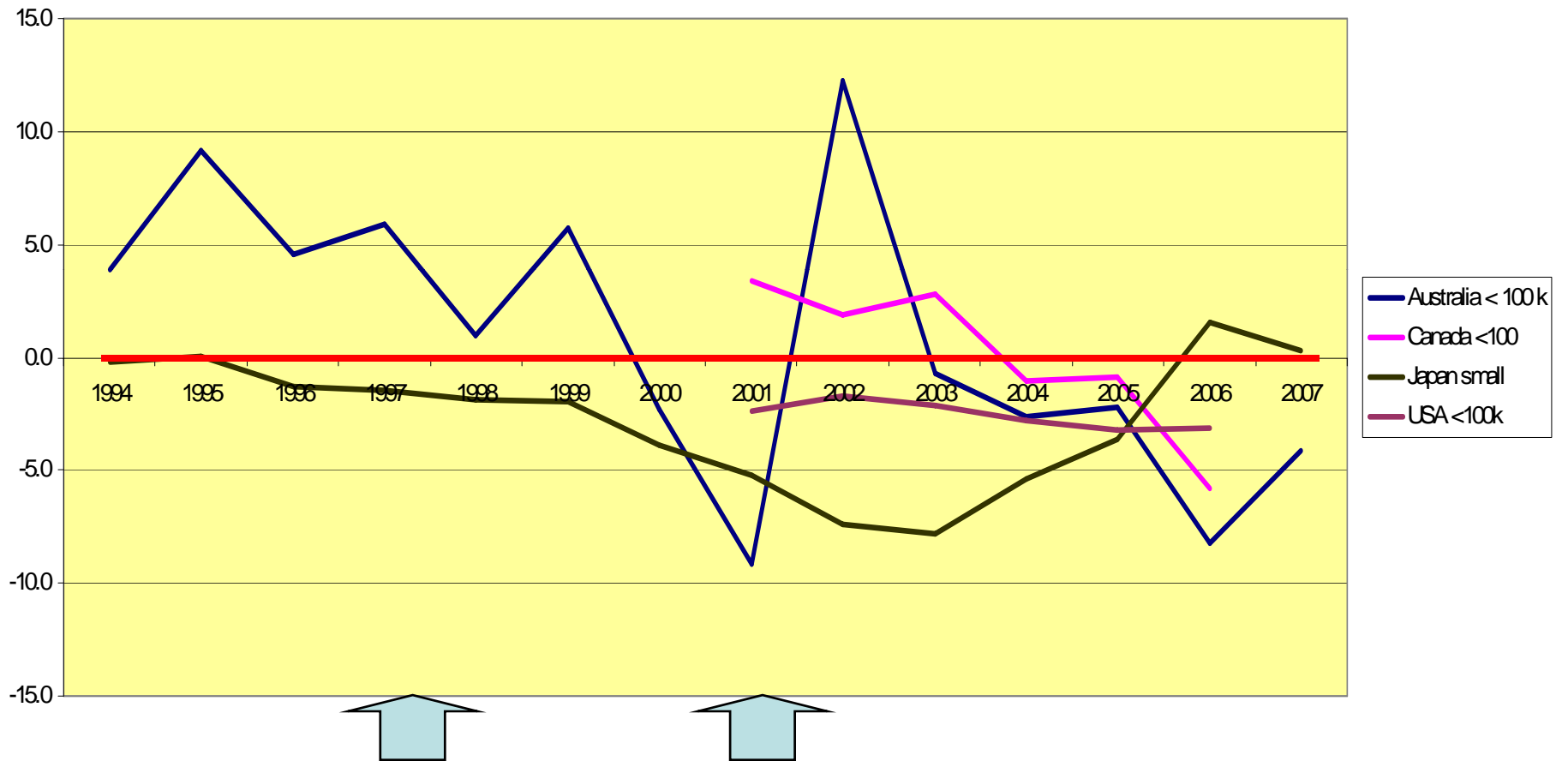


Average real growth of bank lending by size and period

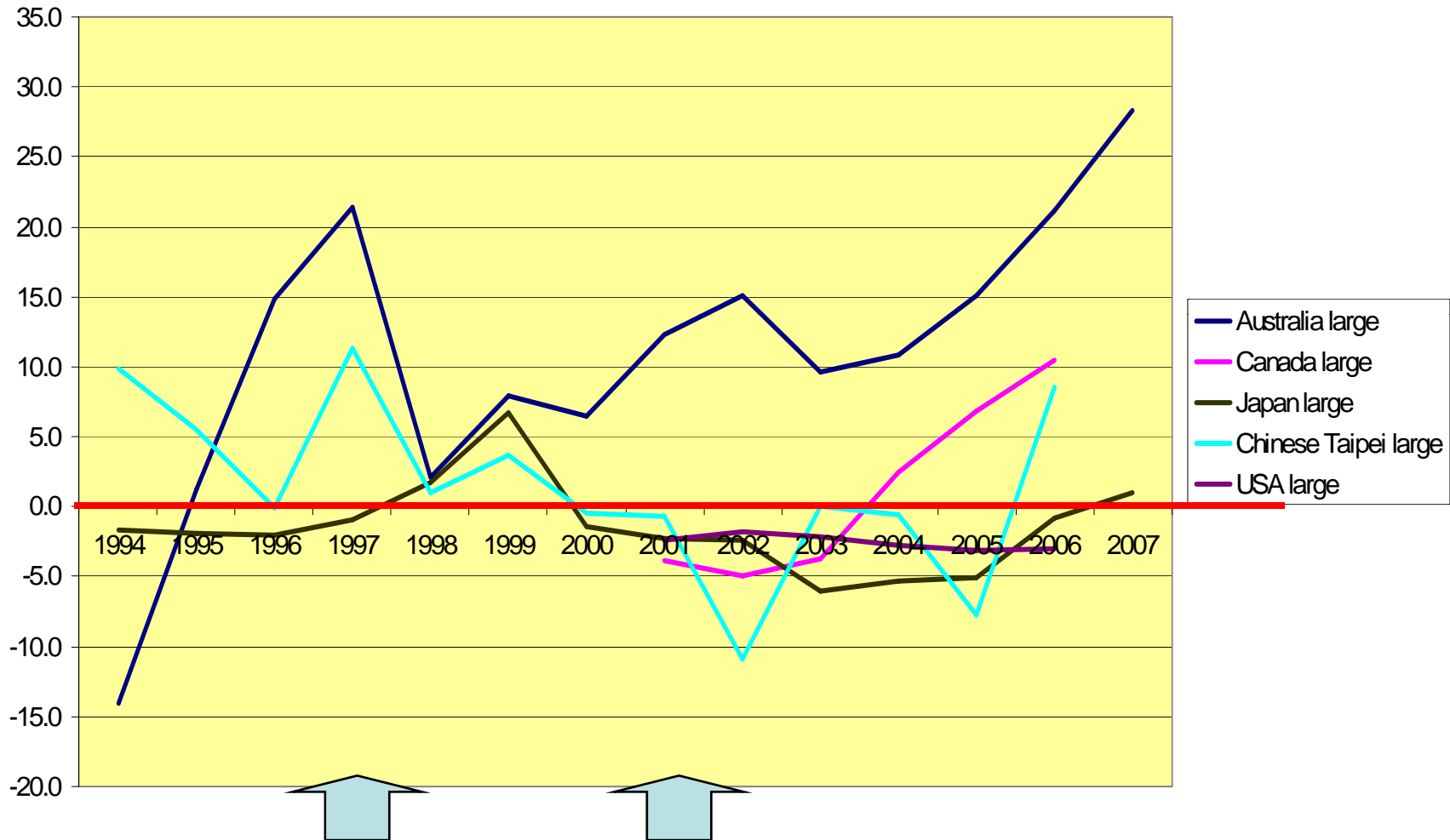
Real growth of bank lending to SMEs has been negative, falling



Real growth of bank lending to *small* firms has been negative, falling



but real growth in bank lending to large firms has been positive, growing



In summary

Growth of bank lending to SMEs (and small firms especially) has been negative in real terms, and falling up to 2006 when it has risen a little in some economies

For large firms, bank lending growth has been positive in real terms and risen since about 2003

This varies by economy, and period (pre Asian crisis, post 911 tech wreck) but is broadly consistent across APEC

Banks remain the single biggest provider of funds to SMEs

So what?

Growth of bank lending to SMEs (and small firms especially) has been negative in real terms, and falling up to 2006 when it has risen a little in some economies

For large firms, bank lending growth has been positive in real terms and risen since about 2003

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Banks remain the single biggest provider of funds to SMEs

These SMEs make up about half the APEC economy, provide about half the jobs, 70% of the job growth, and most of the innovative resilience....

...but they seem to be being starved of a major source of debt funding relative to large firms, and in absolute terms the amount of finance from Banks available to SMEs seems to have been shrinking

So, SMEs have had to find alternative sources of funds, OR they have had to cut back start up and growth activity.

Either or both will lead to a less effective Entrepreneurial Engine

Why might this be happening?

Increasing intangible assets of SMEs and start ups make SME lending unattractive to banks

BIS Basle II rules make banks rethink SME lending, and discourage uncollateralised lending

Banks push collateral loans, usually housing, in lieu of SME business loans

Banks push personal and credit card loans

Banks channel SMEs to trade credit, or trade credit from large firms is more accessible to SMEs

Improved efficiency of equity markets for SMEs

SMEs tap other debt sources (bonds, etc)

and what might it mean?

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Improved efficiency of equity markets for SMEs

SMEs tap other debt sources (bonds, etc)

Banks need to find better ways of lending on intangibles

APEC and BIS need to monitor the effect and revise Basle II if appropriate

SME lending gets tied even more closely and susceptibly to housing cycle

Higher costs of borrowing for SMEs

Difficult to borrow for SMEs which are not part of supply chain, or for SMEs in developing (2020) economies

APEC needs to look to ways to improve equity markets. Currently SME equity markets are very inefficient in most economies

Bank lending trends appear to be restricting entrepreneurial engine opportunities in APEC

There are about 77 million SMEs in APEC

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*Strategies for Creating an Entrepreneurial
Society in Chinese Taipei*

Ho, Chin-Tsang

Deputy Director

Small and Medium Enterprise Administration

Chinese Taipei

Jun 18, 2008



Outlines



- **Chinese Taipei SME Profiles**
- **Entrepreneurial Success:
Roles and Conditions**
- **Policy and Measures for
Creating an Entrepreneurial
Society**
- **Concluding Remarks**

Foreword



- 1. Entrepreneurship is a drive to encourage the establishment of new firms to stimulate economic growth and create more jobs.**
- 2. The duties entrepreneurs need to undertake include assumptions of risk and responsibility to start a business or implement a business strategy.**
- 3. An important way in which the entrepreneurial spirit manifests itself is through new business creation.**

Criteria for Identifying SMEs

SECTORS	SMEs		Micro Business
	Basic	Exception	
Manufacturing, Construction, Mining, Quarrying	Capital < US\$2.3 Million	Employees < 200 persons	Employees < 5 persons
Commerce, Service	Preceding year revenue < US\$2.9 Million	Employees < 50 persons	Employees < 5 persons

Chinese Taipei SME Profiles

The Status of SMEs in 2006

	All enterprises	SMEs	% of SMEs
No. of enterprises	1,272,508	1,244,099	97.77
Total employments (thousand persons)	10,111	7,751	76.66
No. of employees (thousand persons)	7,542	5,186	68.76
Total Sales (NTD million) (USD million)	34,326,070 (1,040,183)	10,241,215 (310,339)	29.84
Domestic Sales (NTD million) (USD million)	25,594,318 (775,585)	8,678,992 (262,999)	33.91
Export Sales (NTD million) (USD million)	8,731,753 (264,598)	1,562,224 (47,340)	17.89

Source: White Paper on Small and Medium Enterprises in Chinese Taipei, 2007

Newly Established SMEs in 2006

Item	Small and medium enterprises	Large enterprises	All enterprises	The percentage of SMEs%	The percentage of newly established SMEs in All SMEs
Number of enterprises	108,302	353	108,673	99.68%	8.71%
Total Sales (NT million)	236,973	120,250	357,223	66.34%	2.31%
Domestic sales (NT million)	221,496	100,988	322,484	68.68%	2.55%
Direct export (NT million)	15,477	19,262	34,739	44.55%	0.99%

Source: White Paper on Small and Medium Enterprises in Chinese Taipei, 2007

Operating Years of SMEs

58.05%

Age	2002	2003	2004	2005	2006		
					2006	2006	2006
91,435	112,154	108,610	125,667	108,673	108,320	8.71	
94,036	104,183	110,649	108,989	121,466	120,530	9.69	
77,477	82,234	87,612	96,365	92,503	91,400	7.35	
70,554	69,545	70,895	79,583	84,648	83,272	6.69	
63,851	64,843	61,321	65,055	71,610	70,133	5.64	
233,742	248,300	245,280	249,414	253,746	247,247	19.87	
Source: White Paper on Small and Medium Enterprises in Chinese Taipei, 2007	279,065	283,223	287,444	298,662	299,282	290,121	23.32

Characteristics of SMEs



- 1. High importance towards the development of society**
- 2. Large in number, high diversity, dynamic structure**
- 3. Employees face larger challenges and increasing pressure**
- 4. Relatively weak in comparison with large enterprises**

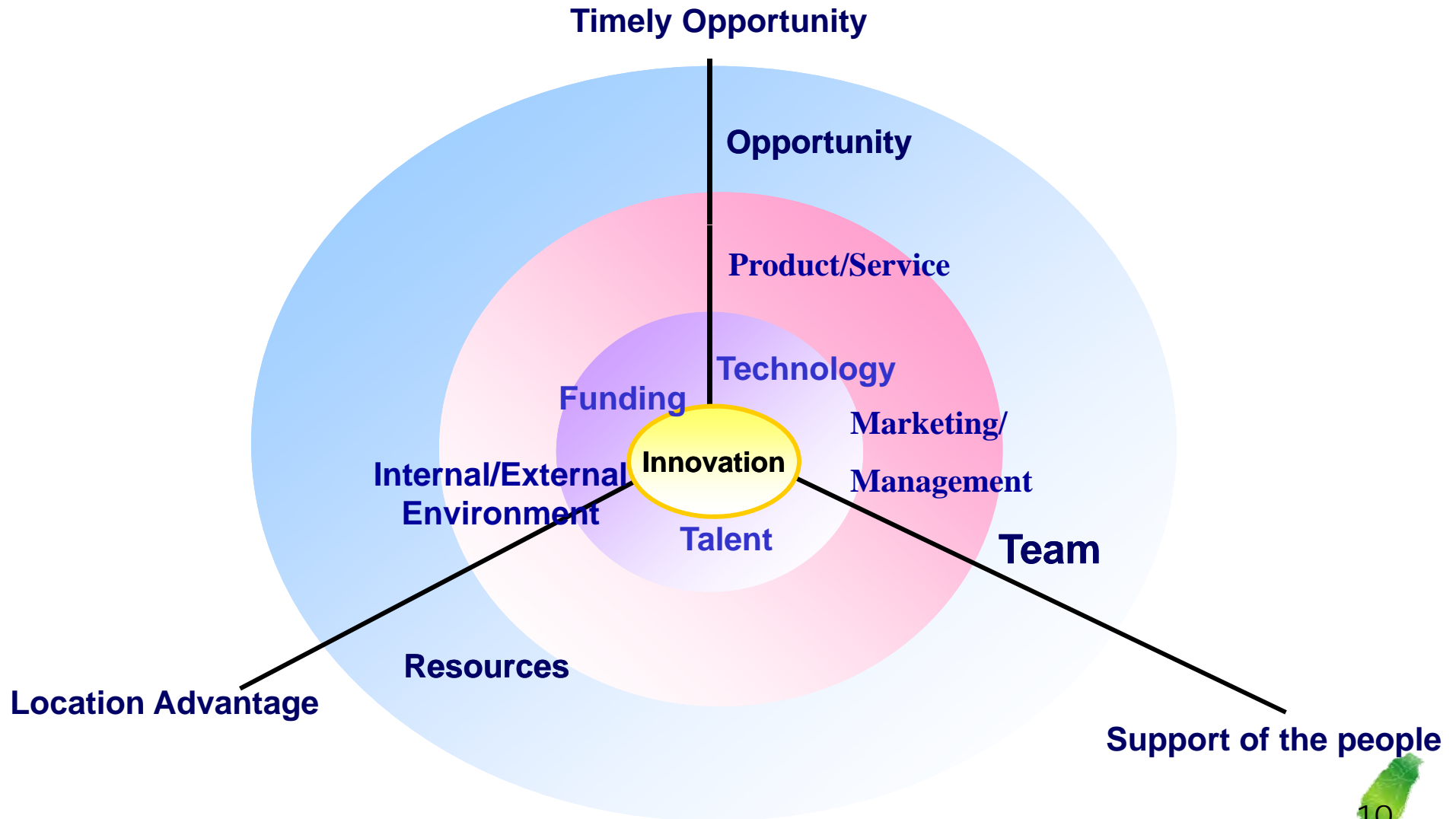
SMEs' Contribution to Economic Society



- 1. Playing a key role in industry structure to link up- and downstream industries**
- 2. Developing foreign trade, creating foreign exchange and employment opportunities**
- 3. Providing remarkable contributions to building up a middle-class in society**
- 4. Continuously supporting economic development and stabilizing society**

Entrepreneurial Success :Roles and Conditions

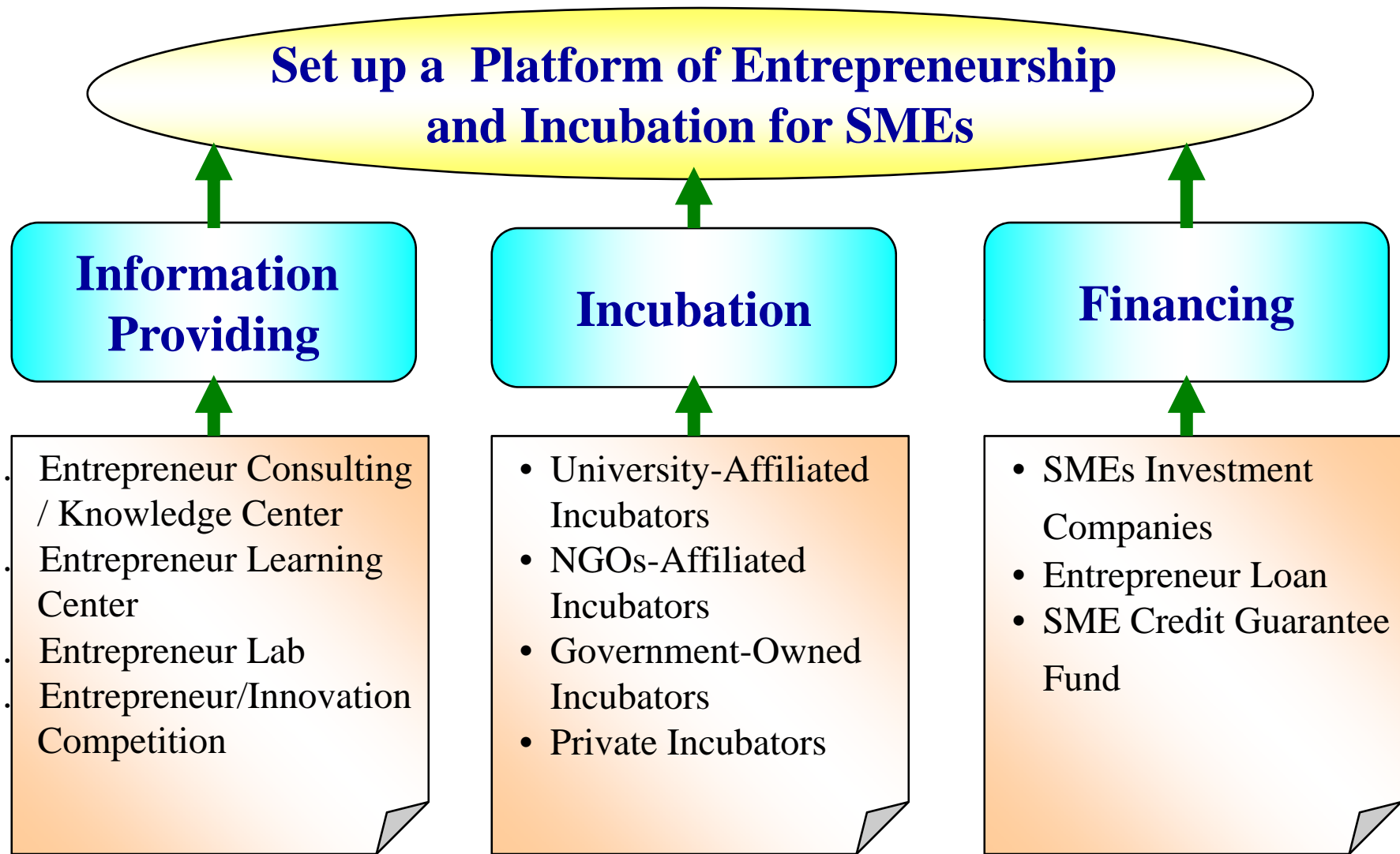
Operational Conditions for the Success



Assisting SMEs in Innovating R&D

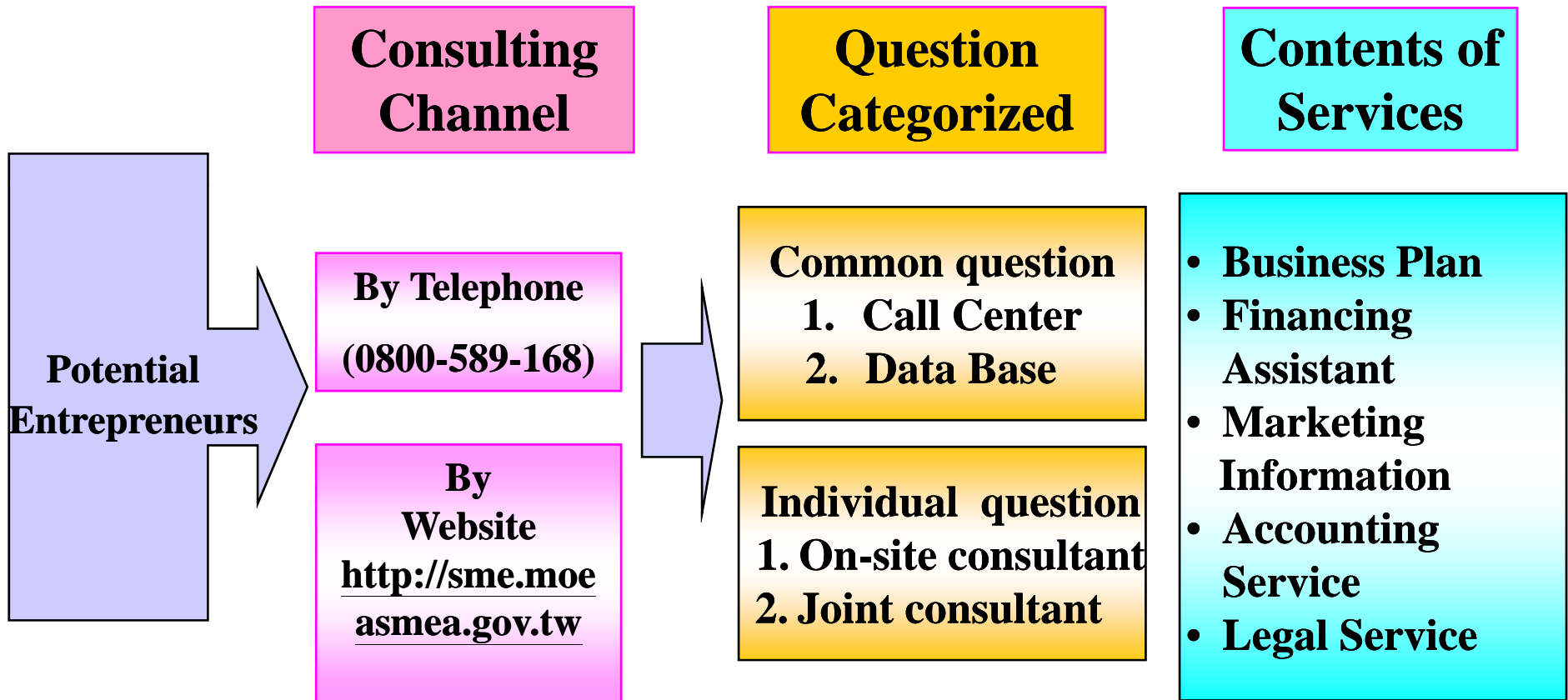
- 1. Project of Small Business Innovative Research (SBIR)**
- 2. Project of Predominant New Product Development**
- 3. Project of Upgrading Competitiveness for Traditional Industry**
- 4. Project of Promoting Enterprise's R&D Alliance**
- 5. Low-interest R&D Loan Scheme**

Platform of Entrepreneurship & Incubation



Knowledge and Information Providing

Entrepreneur Consulting / Knowledge Center



Entrepreneur Learning Center

Programs:

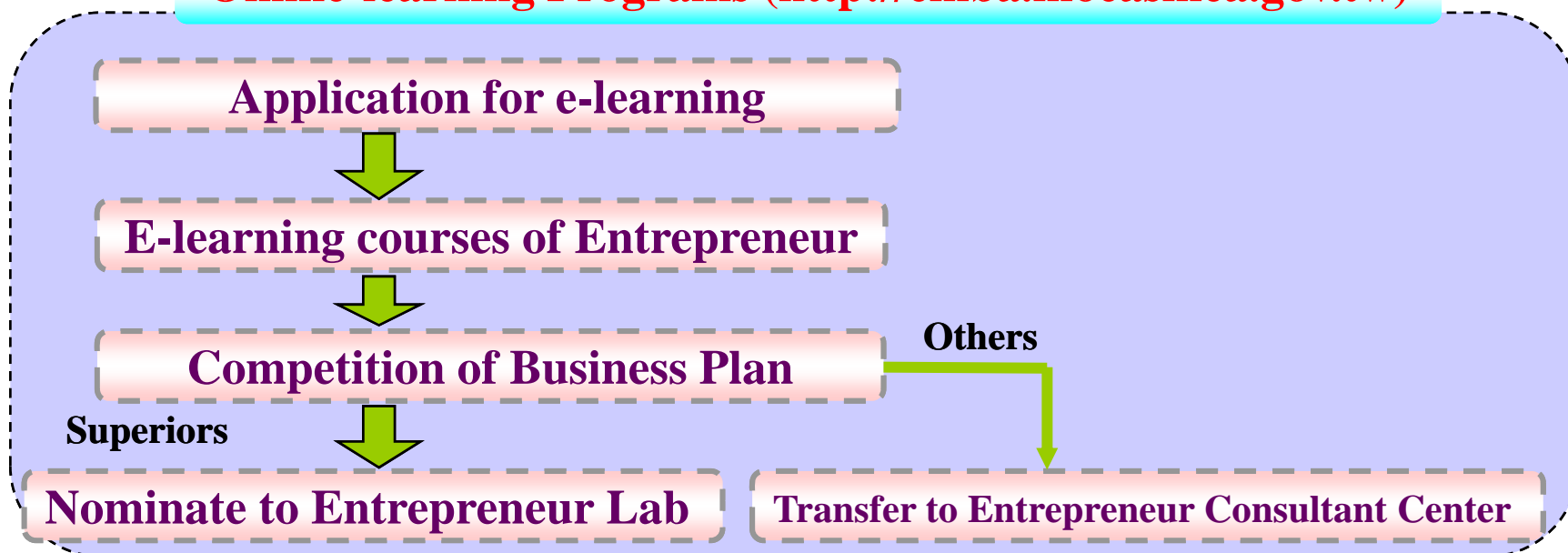
Courses
Case Study
Field Visit
Seminar
Business Plan

Objective Trainees

(Innovation-oriented personality)

1. New enterprises established within 3 years
2. Plan to start a new enterprises

Online-learning Programs (<http://emba.moeasmea.gov.tw>)



Entrepreneur Lab

Entrepreneur Consulting/ knowledge Center

- (1) **Select 100 entrepreneurs for entry into Entrepreneur Lab**
- (2) **Conditions: Must have preparatory capacity and a feasible business plan**

Entrepreneur Learning Center

- (1) **Select 200 entrepreneurs for entry into Entrepreneur Lab**
- (2) **Conditions: the best business plans written in the course of a systematic entrepreneurial course training**

Entrepreneur Lab

- (1) **Through promotional activities, select 200 for entry into Entrepreneur Lab**
- (2) **Conditions: Provide a feasible entrepreneurial business plan, which after assessment can begin to receive entrepreneurial guidance**



Entrepreneur/Innovation Competition

- **Candidates: Small and medium enterprises less than 3 years old**
- **Select *12* Successful Entrepreneurs, divided into four divisions— micro-enterprise, knowledge-based service industry, technology industry, and traditional industry— with each division's top three receiving awards of *1st NT\$300,000 2nd NT\$200,000 3rd NT\$100,000***

Incubation Services

Purpose

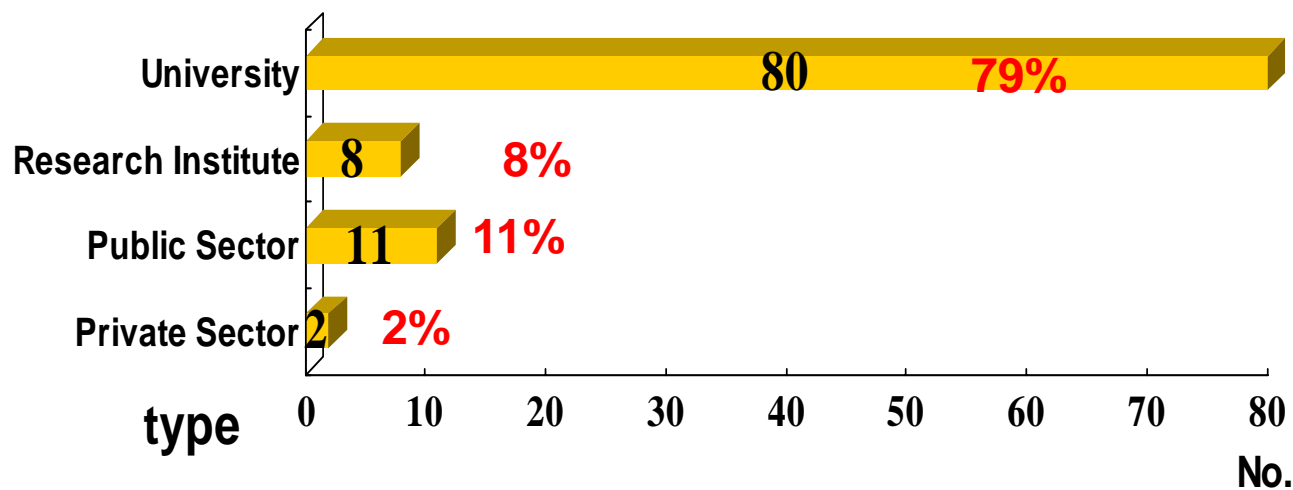
- **Help SMEs Access Resources of Innovation and Entrepreneur**
- **Enhance SMEs Ability in R&D and Start-up New Business**
- **Facilitate More Competitive SMEs and Promote Economic Development**

Current Status of Incubation Centers

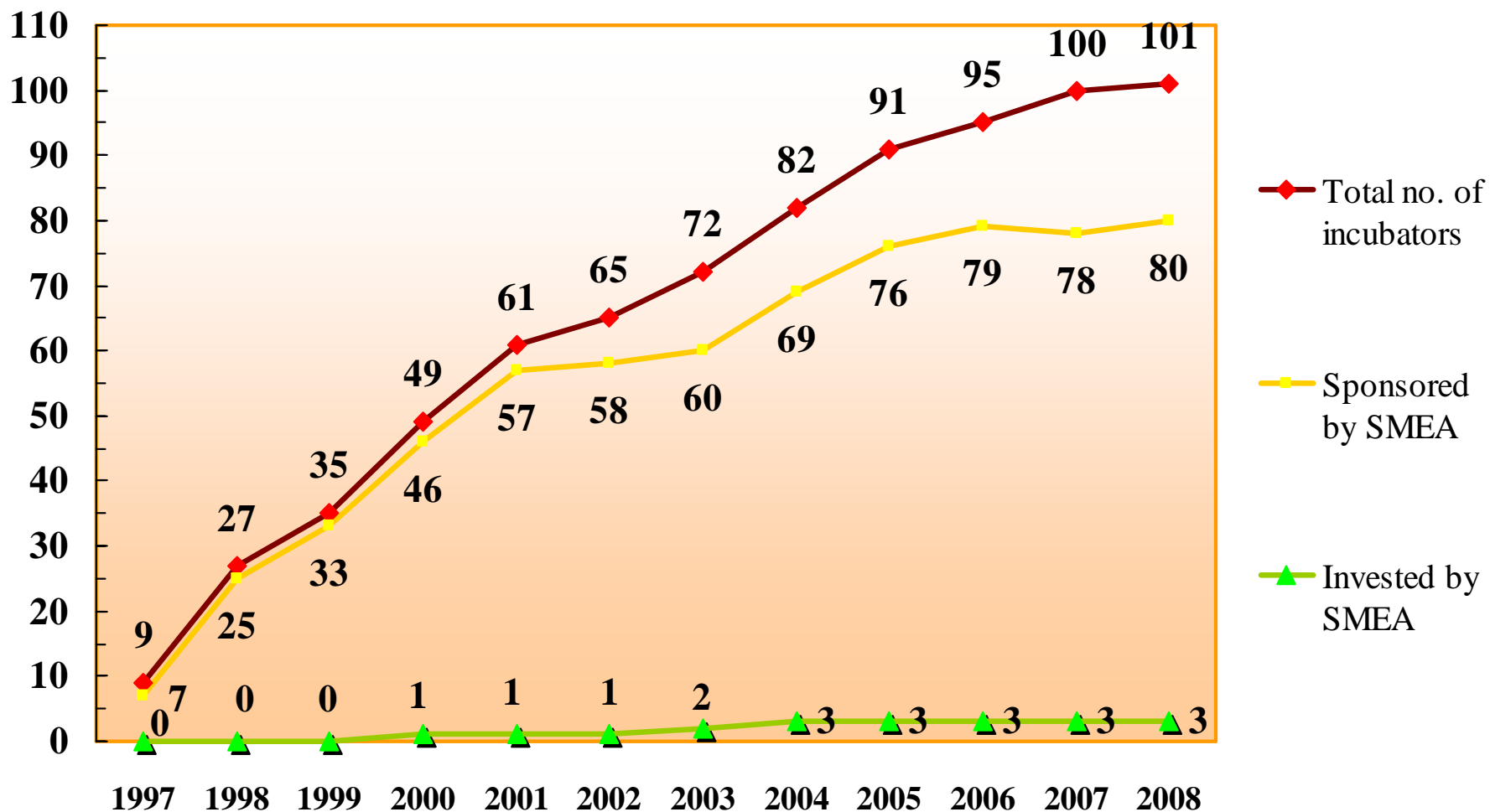
1. Definition

Incubation centers are locations for the cultivation of innovation businesses, products and technologies, and for helping SMEs to upgrade and transform themselves. By providing start-ups with office space, instruments, equipment, R&D technology, helping them to secure financing, and by providing management consulting and other business services, they facilitate the effective integration of resources, helping to reduce the costs and risks that start-ups have to bear in the early stages of business development, and increase the possibility of new businesses successful rates.

2. Type



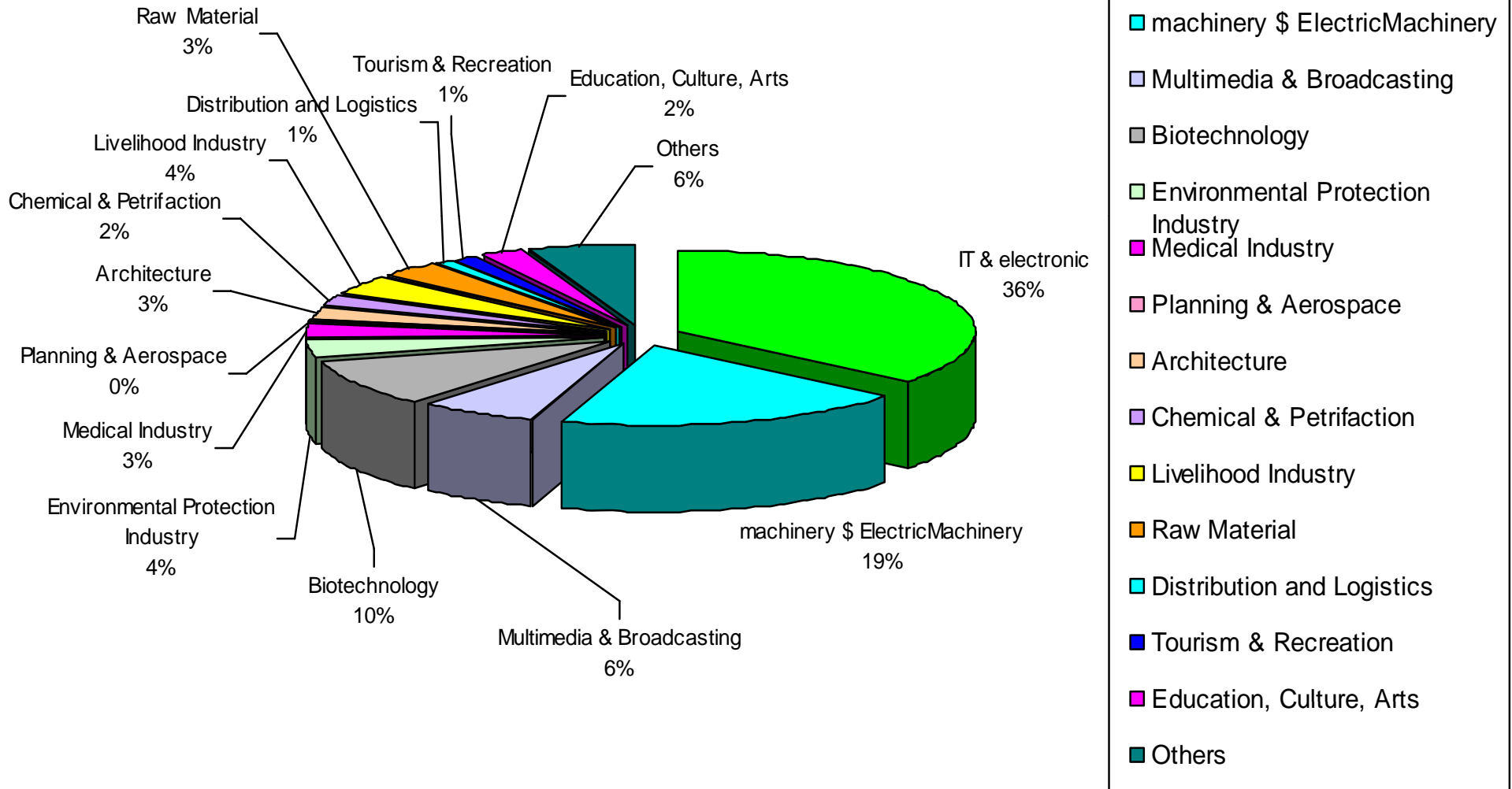
The Number of Incubators



Function of Incubators

- **To reduce risks and expenses of investment and increase successful rate of start-up enterprises.**
- **To foster new products, new business-model and new technology.**
- **To provide guidance in commercializing R&D achievements.**
- **To provide a location for cooperation of academia and industries.**
- **To provide testing services and speed up the development of products.**
- **To provide training courses, information and consultation.**

Incubating Domain





Performance of Incubation Services

Performance		Year	2004	2005	2006	2007	1997~2007 total
Input	1.Subsidy for Incubation Center (NTD, billion)		1.86	2.14	1.64	1.72	16.81
Output	1.No. of Fostered SMEs		1,131	1,326	1,282	1356	2986
	2.No. of Fostered Start-ups		279	333	507	577	1000
	3.Capital Increase (NTD, billion)		43	57	52	52	449
	4.Multiple of Output and Input (Capital Increase/Subsidy)		23	27	32	30	27
	5.No. of Employment being Created		11,477	22,648	25,353	27,133	65,086
	6.No. of Patent Acquired		160	413	400	416	1542
	7.No. of Technology Transfer		87	145	205	149	667

Note : 1.Statistics Range : Incubation centers subsidized and invested by SMEA, MOEA.
 2.The incubating process is limited within 3 years in principle. Statistics number of fostered SMEs and employment are based in newly incubated SMEs in the year.



Financing Supporting Measures

- **SMEs Investment Companies**
- **Entrepreneur Loans for Micro-enterprises**
- **Various Programs of SMEs Loan**
- **SME Credit Guarantee Fund**

Concluding Remarks

- **Small and medium enterprises are the foundation of Chinese Taipei's economic development and a mainstay of social stability.**
- **Yet, we face a quickly changing economic and trading environment that requires upgrading and transformation.**
- **Entrepreneurship has become a global trend and is anticipated to create common value, giving hope for brighter tomorrows.**
- **By building up a platform of entrepreneurship and incubation and in doing so spreading seeds which may grow into thriving companies, we can create a knowledge-based entrepreneurial society.**