

News Release

SMEs voice their concerns and feedback for APEC leaders' consideration

Singapore, Thursday, 9 April 2009 – Helping SMEs build capacity and resilience to tide through the current economic downturn is a key priority of the APEC Business Advisory Council (ABAC) Singapore and the Singapore Business Federation, the joint organizers of today's "APEC for SMEs" Dialogue Session.

Amid the threat of rising protectionism, this dialogue session was to enable SMEs to register their concerns and feedback for ABAC to surface to APEC policy makers and leaders for consideration when shaping the 2009 APEC agenda.

The discussion was led by a panel consisting of ABAC Chair 2009 and SBF CEO, Mr. Teng Theng Dar, ABAC Singapore members Ms. Chong Siak Ching and Mr. Tang Kin Fei; as well as Mr. Lawrence Leow, President of the Association of Small & Medium Enterprise Singapore; Ambassador Michael Tay, Executive Director of the APEC Secretariat and Mr. Luis Tsuboyama, Program Director, Small and Medium Enterprises Working Group, APEC Secretariat. The panelists shared their views on various on-going governmental and agency-level initiatives and programs relevant to SMEs.

Participants had a lively discussion with the panelists, giving feedback on SMEs' plight during the current recession, and how APEC can better improve the business climate within the grouping.

Mrs Christine Sim, Director of Organisation Development, United Medicare Pte. Ltd., suggested that APEC should look into making talent more mobile in their economies. She said, "With the economic recession and the need to create more job opportunities, perhaps APEC can enhance talent mobility across borders to manage skills/talent gaps amongst member countries via a generic job portal amongst member countries where hiring companies and job-seekers can meet at this exchange platform for quick match. Labour is one of the most portable factors of production needed to beef up economic development and with job creation, there might be a co-related rise in disposal income and hence consumer spending or investments in key areas can be restored."

Mr. Matthew Low, Executive Director, Hong Food Supplier Private Limited, gave his insights on possible obstacles Singapore SMEs face when they try to do business regionally in view of a limited domestic market, and noted that the Free Trade Agreements may not immediately benefit SMEs as much as MNCs. He said, "There are three areas for the SMEs to address – the leadership challenge of SMEs in both

immediate and future needs; the financial challenge in collateral borrowing, hedging and the access to overseas market; as well as the very fundamental issue in the cost of doing business. SMEs need to band together to achieve a leveraging factor, otherwise, we will be too insignificant amongst the Big Players in a very open market place. ”

Other participants highlighted the roadblocks faced when they try to set up temporary business operations for their cross-border service businesses. For example, not only are they deterred by the time lag when they set up operations in a particular country, they also have to pay personal income tax and work permits, which will result in them being priced down in the market.

This dialogue session, targeted at SMEs, was attended by 54 senior executives and business professionals from the ICT, Transport and Logistics and Consumer goods sectors. It is the second in a series of outreach forums organized in conjunction with Singapore’s hosting of the APEC meetings in November this year. SMEs represent more than 90% of businesses in the APEC economies, are a leading employer of the work force, and are a significant contributor to their respective economies. They are among the first to be at risk during a financial crisis due to resource constraints and a lack of supportive programmes to cushion them from negative market impacts.

“SMEs tend to be the hardest hit in an economic crisis, especially like the one we are facing right now. It is important that governments and business representative groups work closely together and to provide business facilitation and capacity building support to help SMEs that are competent, viable and have growth potential to tide through these difficult times,” said Mr. Teng.

Four ABAC-organized SME Summits will be held in Brunei, China, Singapore and Peru this year providing networking opportunities with participants from the 21 APEC economies, and invaluable business sharing by SME business leaders. (Please refer to the Annex for SME-related projects organized by the APEC Secretariat in 2009).

About Asia-Pacific Economic Cooperation (APEC)

Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.

APEC is the only inter-governmental grouping in the world operating on the basis of non-binding commitments, open dialogue and equal respect for the views of all participants. Unlike the WTO or other multilateral trade bodies, APEC has no treaty obligations required of its participants. Decisions made within APEC are reached by consensus and commitments are undertaken on a voluntary basis.

APEC has 21 members - referred to as "Member Economies" - which account for approximately 40.5% of the world's population, approximately 54.2% of world GDP and about 43.7% of world trade.

APEC's 21 Member Economies are Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Vietnam. For more information: www.apec.org.

About APEC Business Advisory Council (ABAC)

The APEC Business Advisory Council (ABAC) was created by the APEC Economic Leaders in November 1995 to provide advice on the implementation of the Osaka Action Agenda and on other specific business sector priorities, and to respond when the various APEC fora request information about business-related issues or to provide the business perspective on specific areas of cooperation.

ABAC comprises of up to three members of the private sector from each economy. ABAC members are appointed by their respective Leaders, and represent a range of business sectors, including small and medium enterprises. The economy determines the term of membership of each appointee as well as its own administrative arrangements and staff support.

The ABAC International Secretariat based in Manila, the Philippines serves all members and all economies and maintains a website. Funding is provided through a system of annual dues, which are structured to reflect the size of each economy, following the APEC formula. For more information: www.abaconline.org and www.sbf.org.sg/abacsq.

About APEC SME Summit 2009

The objectives of the APEC SME Summit in 2009 will seek to raise awareness and recognition of APEC business growth opportunities, facilitate SMEs growth and success

through promoting APEC business community building, capacity-building, enhancing connectivity, and addressing business concerns often faced by SMEs

Discussion and sharing of enriching experiences by self-made successful SME business-owners, industry experts and relevant government officials at the APEC SME Summits are planned to shed light on avenues and opportunities which SMEs can ride on to overcome barriers, establish APEC business community and drive their business success.

Along with the conference programme, trade shows and networking sessions are also expected to be organized to provide platforms for SMEs to expand their network and established useful and extensive contacts with potential customers, partners and suppliers across the APEC region.

About Singapore Business Federation

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore, in trade, investment and industrial relations. Nationally, SBF acts as the bridge between the government and businesses in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking. For more information, please visit our website: www.sbf.org.sg

For more information on ABAC and APEC CEO Summit 2009, please contact:

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Annex

The APEC Secretariat has the following SME-related projects that will take place in 2009.

1. *SME Technology Entrepreneur Seminar* (3-5 June, Kuala Lumpur, Malaysia).
The seminar will address the major ICT issues facing small business owners and entrepreneurs including: the acquisition of funding and ICT skills & certification, the management of innovation, and government/public policies that foster SMEs, entrepreneurship and innovation.
2. *Symposium on SME Strategies to Manage the Impacts of the Global Financial Crisis* (8-9 June, Taipei, Chinese Taipei). Business people (including finance sector representatives), government officials and experts will spend 2 days discussing how SMEs can respond to the crisis. The goals are to:
 - (1) To provide knowledge and information about the ways in which SMEs can manage the impacts of the global financial crisis, through the presentation of research reports and the sharing of best practices.
 - (2) To identify policy tools that can be adopted in response to the financial crisis, and formulate innovative strategies to help SMEs survive the crisis.
 - (3) To stimulate cross-border cooperation on managing the impacts of the global financial crisis between stakeholders in the APEC region through constructive communication in the Symposium.

The final output of the symposium will be, "Principles and a Checklist for Financial Crisis Management for APEC SMEs."