



**Asia-Pacific  
Economic Cooperation**

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**2015/SOM1/EC/010**

Agenda Item: 06

## **Case Studies on Improving the Business Environment for Small and Medium Enterprises (SMEs) (Outline)**

Purpose: Consideration

Submitted by: Japan



**APEC**  
PHILIPPINES  
2 0 1 5

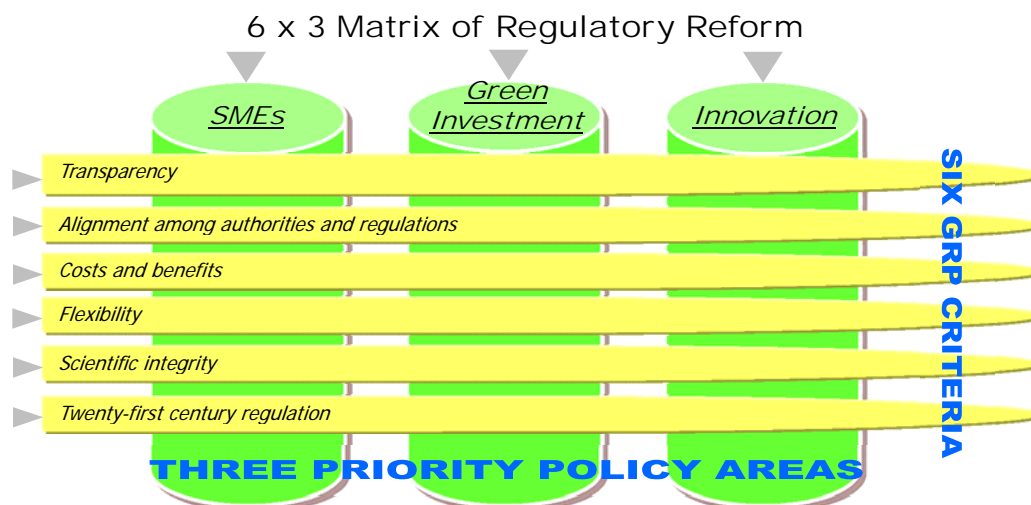
**First Economic Committee Meeting  
Clark, Philippines  
4-5 February 2015**

## Case Studies on Improving the Business Environment for Small and Medium Enterprises (SMEs) (Outline)

- Proposed by Japan, Coordinator for the Regulatory Reform FotC -

### 1. Background

- The Regulatory Reform FotC has supported regulatory reform activities in APEC economies through a horizontal approach, such as the Good Practice Guide on Regulatory Reform and the benchmarking survey and APEC-OECD Integrated Checklist on Regulatory Reform.
- In addition to this horizontal approach, the group has been using case studies focusing on priority policy areas and sharing best practices by promoting regulations that could be a driving force in these areas. Such areas should contribute to the priorities as agreed upon in the APEC Leaders' Growth Strategy, the APEC New Strategy on Structural Reform (ANSSR), and the Good Regulatory Practices (GRP).
- The priority policy areas are as follows:
  - i. Improving the business environment for SMEs
  - ii. Promoting green investments
  - iii. Promoting innovation
- At the SOM1 in 2011, there was broad agreement among APEC economies that GRP encourage economic growth, job creation, innovation, and trade, while also protecting public welfare.
- The three priority policy areas are different in nature and the types of regulations to promote them might not be similar. In this regard, as the first step, the Regulatory Reform FotC group implemented the case studies on regulatory reform in green investments during 2012 and 2013. Subsequently, case studies on promoting innovation were undertaken in 2014.
- The intention in 2015 to conduct case studies will be on the third area concerning the improvement of the business environment for SMEs.



## **2. Aims and objectives**

- SMEs play a significant role in the Asia-Pacific region to achieve a sustainable growth path and thus improving business environment for SMEs is critical for all APEC economies. The Philippines, host economy of APEC 2015, have identified the topic “Fostering SMEs' Participation in the Regional and Global Economy” as one of its priority areas for the 2015 meetings.
- Recognizing the importance of businesses in reaping the benefits of open and free trade environment, APEC gives a special focus to the mainstreaming and internationalization of SMEs, including their participation in GVCs in this year.
- This study aims to conduct case studies describing and analyzing the role of regulatory reforms and practices in improving the business environment for SMEs. The case studies seek to draw lessons and suggest policy recommendations based on previous experiences of implementing regulatory reforms to improve the business environment for SMEs. Regulatory reforms, if properly implemented, can improve economic and social resilience and create new market opportunities for SMEs.
- Such regulatory reforms and practices include several types/areas:
  - (i) improving general business environment for SMEs (e.g. corporate law, competition law, business accounting, labor law, business succession),
  - (ii) improving access to finance by SMEs by incorporating/changing regulations, establishing/improving credit information systems or establishing regulatory guidelines,
  - (iii) easing regulatory burdens for SMEs (e.g. intellectual property rights, simplification of trade procedures),
  - (iv) assessing the cost of legislation to SMEs before regulatory proposals are adopted, and when possible, introducing exemptions or lighter regulatory regimes for SMEs in new regulations to prevent SMEs facing an increase of unnecessary regulatory burden (e.g. new or tighter environmental or consumer protections).
- The objective of this study is therefore to show through case studies, how well-designed regulations can contribute to improving business environment for SMEs; boosting productivity, competitiveness, and participation of SMEs in the economy; and facilitating their participation in global value chains (GVCs).

### **3. Process**

- PSU will assist in the selection of a proper consultant and supervise the role of the selected consultant.
- The consultant researches and analyzes the selected case studies based on the abovementioned Good Regulatory Practices criteria.
- Regulatory Reform FotC group will share the lessons learnt from the case studies with APEC EC members.

### **4. Timeline**

<b>Tasks</b>	<b>Date</b>
Presentation of the project outline	EC1 (4 February, 2015)
Submission of Inception Report	30 March, 2015
Submission of Progress Report for review	1 July, 2015
Presentation of the Progress Report	EC2 (late August, 2015)
Finalization of Final Report	end of October, 2015