



THE HON DR CRAIG EMERSON MP
MINISTER FOR TRADE

**Measures to revitalise SMEs and expectations about the role of SMEs in
the context of APEC's Growth Strategy**

Speech delivered to the SME Summit at the 22nd APEC Ministerial Meeting

Thursday 11 November 2010

Yokohama, Japan

Check against delivery

Thank you for inviting me to this very important conference.

It's a crucial time for all of the countries of the region and, indeed, of the world. We've had now two days of talks at the APEC Ministerial Meeting and I can convey to you a sense of optimism amongst Ministers for Trade and Foreign Affairs that we will do everything we possibly can in the year 2011 to open up the region and the world to increased trade.

This, we hope and expect, will occur through restarting the negotiations on the Doha Round of multilateral trade negotiations that began all the way back in 2001. And here we are in 2010 and hoping and expecting that there will be a big effort in 2011.

And I suppose everyone in this room would have a sense of fatigue about how long this particular round of trade negotiations has been going. It is a long round. And there must be some danger that if we don't complete the round in 2011, then, in 2012 there will be a number of elections right around the world amongst key participants in the Doha Round of negotiations. And we know from experience that elections can stop negotiations. Then we would have to restart again in 2013.

That may be possible but there is a risk that fatigue will have fully set in and that major countries may then say 'we can't go any further on this'. That's why ministers have agreed at the APEC Ministerial Meeting to push as hard as possible for a completion of the

negotiations in 2011. And we have our leaders coming behind us so we have prepared some text and some ground and we hope that they will affirm at the Leaders' level the importance of this so-called window of opportunity.

The reason that I have raised this with you is that it is small and medium enterprises, in many senses, that suffer most from restrictions on trade. What we do know about small and medium enterprises is that they are usually heavily-exposed to competition. They grow from very small seeds – which I think is the theme of the summit here today – into medium and larger enterprises. But in most countries, maybe all countries, there's no protection for them as they are growing. The chill winds of competition are blowing the whole time. And yet so many small businesses are able to survive through those difficulties.

We know, therefore, that our small business community tends to be tough and resilient. But when it has obstacles placed in front of it in the form of high tariff barriers or quantitative restrictions or, increasingly around the world, the impediments that exist within domestic economies behind the borders, those burdens are much heavier on small business than on large multinational corporations which have specialised departments and the resources to deal with them.

I was, until recently, the Australian Small Business Minister and in our country we have set out to remove as many of those impediments for small business growth and development as possible. I have, personally, a philosophical view that in many ways the best thing a government can do for small business is to get out of the way: to allow small businesses to grow from those seeds, to survive against the chilly winds of competition, but without a government making life harder for them.

And that means – where there are government-imposed impediments in the form of unnecessary regulations or very complex regulations and rules – then it's the obligation of governments to simplify those rules or remove them if they perform no necessary or valuable function.

And so in our own country, where we have a single nation but eight different states or territories – or provinces or regions – each with their own rules and regulations, in many ways the Australian economy has not been one market but eight markets. And small businesses then have to comply with up to eight different sets of rules and regulations. Big companies: not so hard. Small businesses: very hard.

So we've been doing simple reforms such as, when a small business does grow from a seed, it has to name itself. Perhaps it would name itself 'Acorn' as it begins to grow. But in our country, it would have to name itself 'Acorn' eight times, in eight different states and territories. We've come up with a very simple idea: name yourself 'Acorn' once, and then that would be good in all the different states and territories.

Now we are a relatively advanced country. If these problems exist in Australia, they certainly would exist in other countries around the world. And so that is just one example of what we are trying to do to create what we call a seamless national economy – a single national market. But isn't it also true for APEC, as an aspiration for the 21 countries, that APEC becomes a seamless regional economy; where again, we remove as many of the impediments for small business growth and development within our entire region?

That doesn't mean in APEC we're a single country. It means that we are, as an aspiration, a seamless regional market. Now that has to be good news for small business. And I can assure you that this is something that has progressed beyond the idea – or the ideal – into concrete measures that are being taken by members of the APEC community.

Because, really, when we do our first job as Trade Ministers, we're improving market access. But there's no point improving market access if these behind-the-border restrictions are so great.

So APEC leaders will be invited over the weekend to consider the APEC New Strategy for Structural Reform, where APEC economies will be encouraged, and will be supported, in simplifying their regulations that affect all businesses but in particular these small and medium businesses.

Each APEC economy will be asked to set forth priorities for structural reform in the various areas, along with the policies and measures to make progress towards them. Not in the never-never but by 2015. And we have long supported the idea of having a tangible target to which we can work.

Another aspect of our pro-SME productivity agenda as APEC ministers is improving the ability of all businesses, including small and medium enterprises, to quickly and efficiently move their goods and services within and across the APEC community of 21 economies.

You know that the benefits arising from that could be absolutely enormous. A 10 per cent efficiency gain in connecting supply chains across borders would lift APEC's real GDP by an estimated US\$21 billion a year. And, of course, in the process, generate thousands of jobs.

And that's why APEC leaders adopted a Supply Chain Connectivity Framework last year, in 2009. That framework identifies choke points that impede the flow of goods and services throughout the APEC region. And it actually proposes specific actions to address those choke points by tackling the lack of coordination amongst government agencies involved in transport and logistics, by dealing with burdensome customs procedures and unnecessary variations in cross-border standards and regulations.

So this Supply Chain Connectivity Framework is action-oriented. Our own country, Australia, is leading work in APEC on one of the action plans under that framework to improve inadequate transport infrastructure in the region, with a focus on the land-side transport management of sea-freight supply chains.

So I hope in the time that I've been able to address you I've been able to convey to you the understanding of APEC members of the challenges of small businesses – that they are particularly disadvantaged by these regulations behind borders. And that APEC itself is committed to a specific work program to easing those impediments, throwing them out of the way, where they serve no useful purpose. So I think the future for APEC and for small and medium enterprises in the APEC economies is a bright one.

Thank you very much.

END