

2011 World SME Summit

The Hong Kong General Chamber of Small and Medium Business



Partnering for Emerging Market Success

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Outline

- I. The Importance of SMEs
- II. The Economic Imbalance Under Globalization
- III. Opportunities in Emerging Markets
- IV. Cooperation between Taiwan and Hong Kong, China
- V. Taiwan's Strategies for SME's Emerging Market Success
- VI. APEC's Determination on Resolving Impediments to Increase SME Exports
- VII. Conclusions



I. The Importance of SMEs

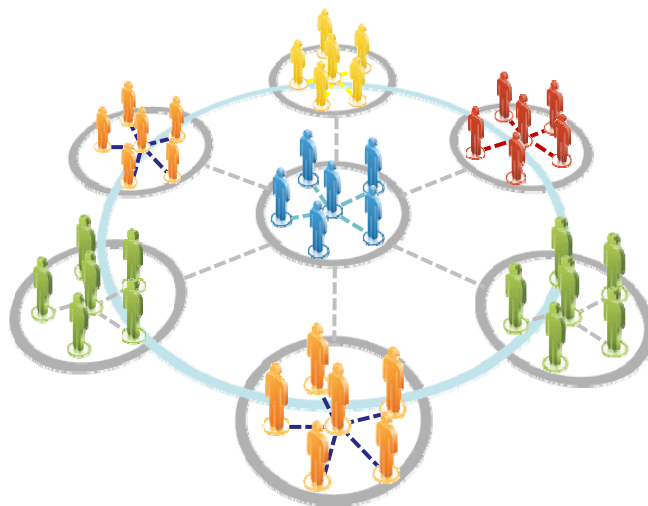
SMEs' Contribution to Global Economy

Playing a key role in industry structure.

Developing foreign trade, creating foreign exchange and employment opportunities.

Providing remarkable contributions to building up a middle-class in society.

Continuously supporting economic development and stabilizing society.



II. The Economic Imbalance Under Globalization

EU

- **Credit Crisis (Debts)**
- **Inflation**
- **Bank Liquidity Risk**
- **High Unemployment Rate**

USA

- **Credit Crisis (Debts)**
- **High Unemployment Rate**
- **Trade Deficit**
- **Declining Purchasing Power**

Middle East and North Africa

- **Jasmine Revolution**
- **Shortage of Food**
- **Shortage of Water**
- **Poor Economic Development**

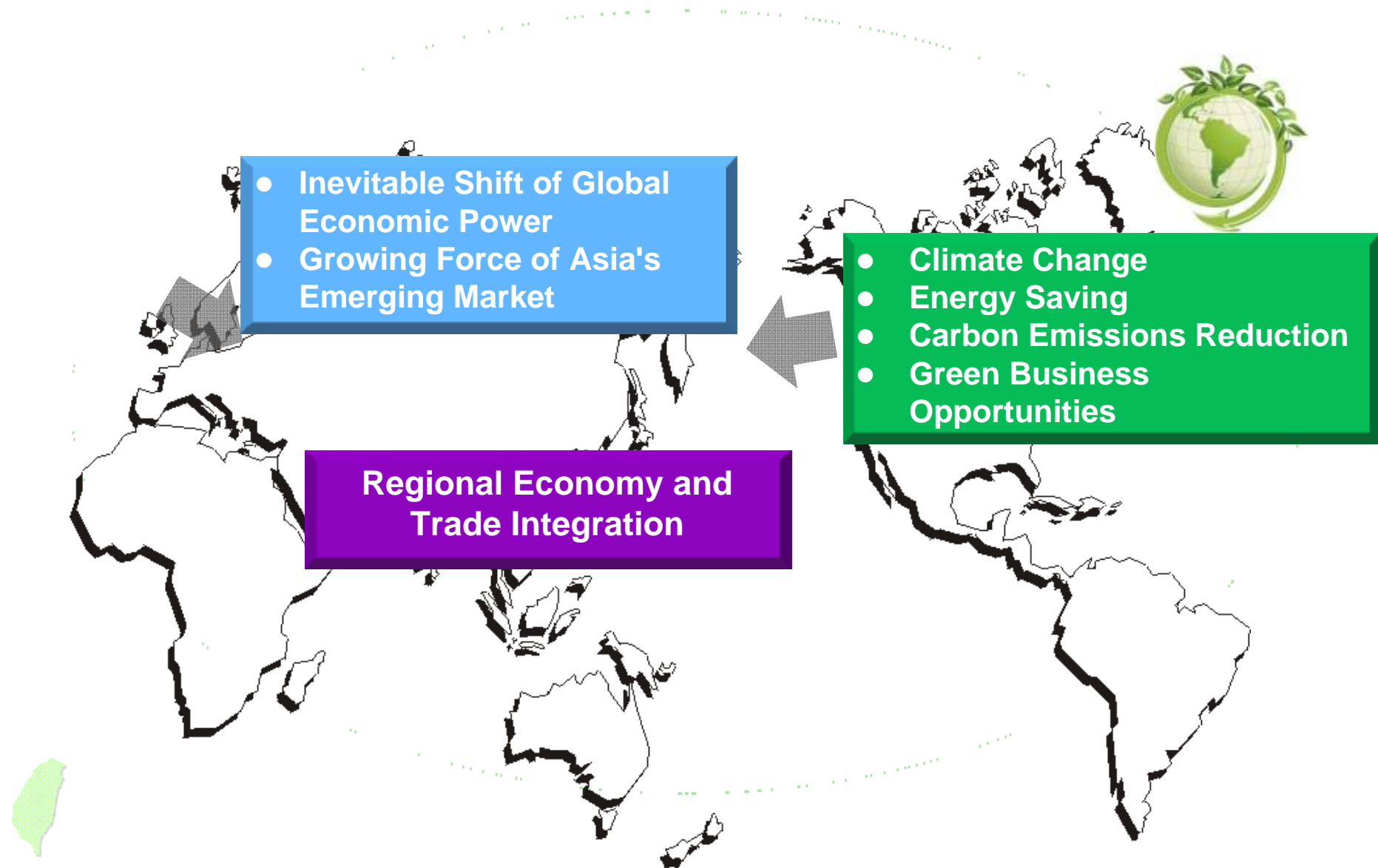
Mainland China

- **Inflation**
- **Stress of Growth Model**
- **Liability Crisis of Local Governments**
- **Real Estate Bubble**



II. The Economic Imbalance Under Globalization

-Changes in the Global Economic Environment



III. Opportunities in Emerging Markets

IMF 2010/4/20

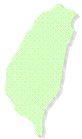
Due to EU debts crisis, global investors have shifted to emerging markets.

Templeton Asset Management Ltd 2011/7/26

US debts crisis → Money outflow to Asia and other emerging markets

HSBC 2011/8/13

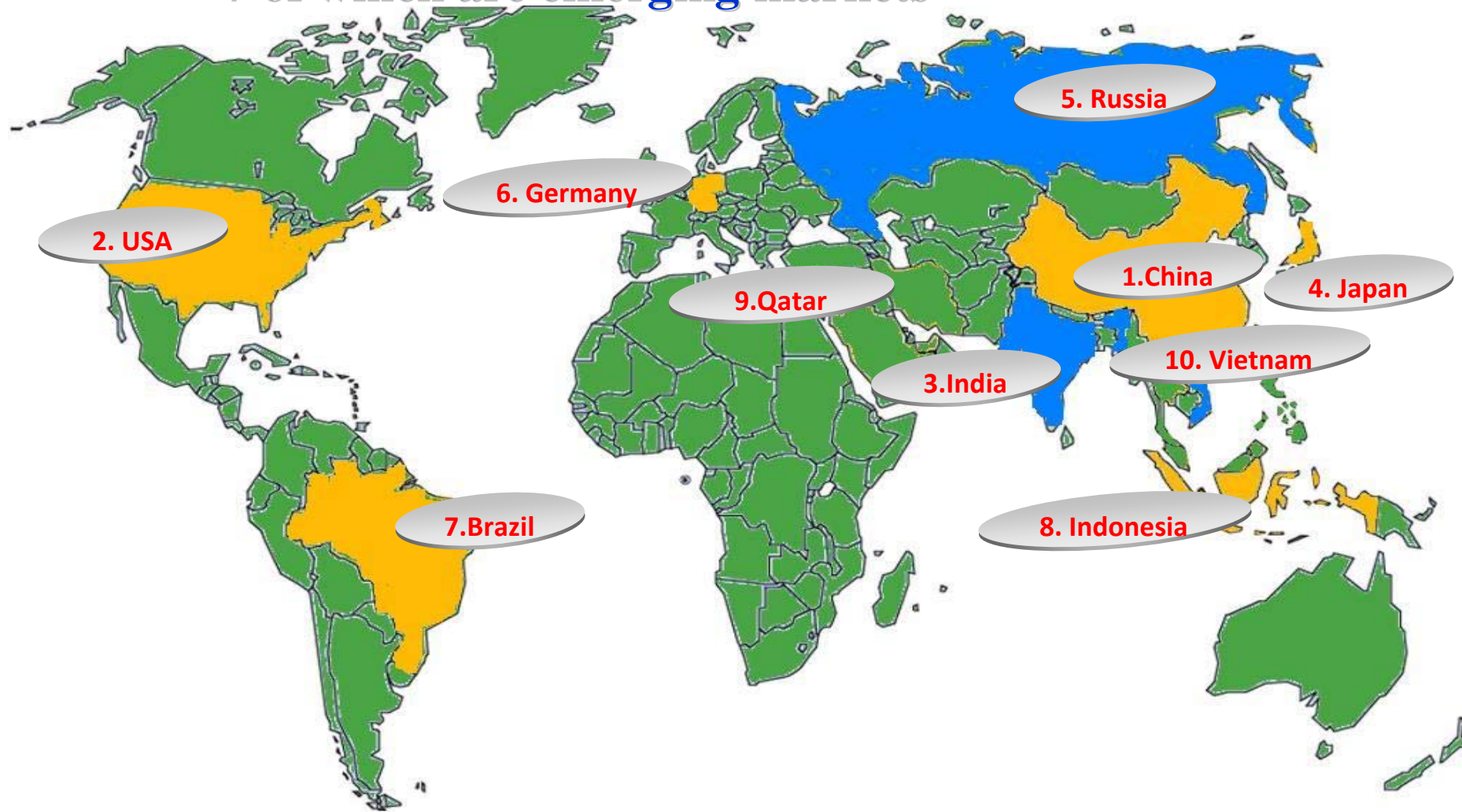
Credit Rating Downgrading of EU and US has limited impacts to emerging markets. Emerging markets have become the shelter of global capital.



III. Opportunities in Emerging Markets

- 10 Major Export Markets for Taiwan in 2012

- 7 of which are emerging markets



IV. Cooperation between Taiwan and Hong Kong

- Advantages of Hong Kong

4 Pillars of HK's Service Industry

- Trade and Logistics
- Finances
- Business Service
- Travel Services

Period	Major Policies in Service Industry
2003.06~	CEPA
2004~	RMB Business Deregulation
2009.10~	6 Major Advantage Industries Program
2010.12	Cooperate with Shenzhen High-Tech Industrial Park (SHIP)
2011.03	Twelve 5-year plan in China



IV. Cooperation between Taiwan and Hong Kong

-Advantages of Taiwan

Creating tax incentives to attract investment

Lower Estate/Gift Tax from 50% to 10%

Lower business Income Tax from 25% to 17%

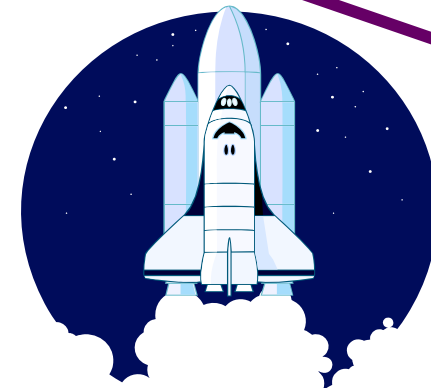
Promoting trade liberalization & dynamic economic growth

Signing ECFA with Mainland China

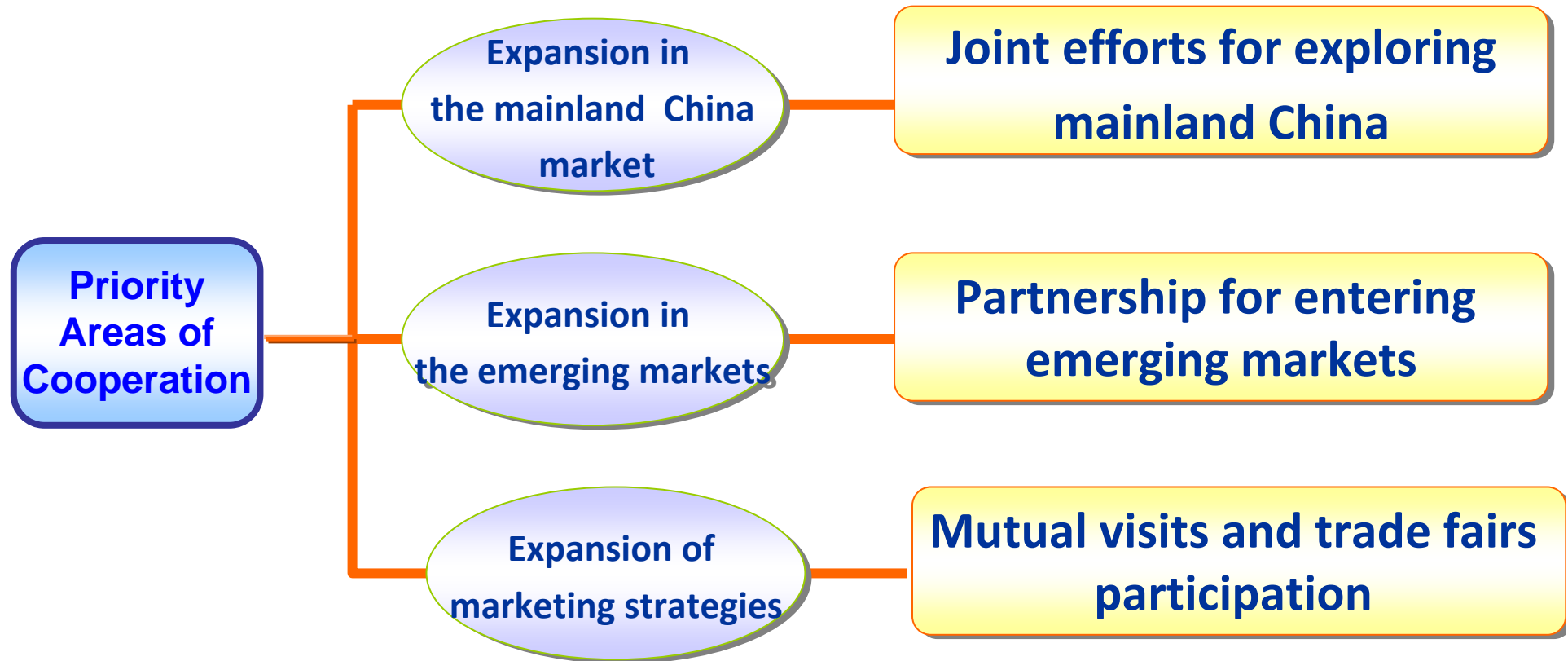
Implement the Industrial Innovation Act

Promoting level 3rd industry & creating a new engine of economic development

6 major emerging industries, 4 major intelligent industries, 10 major service industries



IV. Cooperation between Taiwan and Hong Kong



- **Priority Areas of Cooperation:** Cultural and Creative Industry, ICT Industry, Certification and Verification Services, One Town One Product Industry (OTOP), Corporate Synergy Development System, etc.
- **Case:** At Hong Kong Mega Show this October, Yue Hwa Chinese Products Emporium Ltd (裕華百貨) has formed a partnership with Spring Pool Glass Industry Co.(春池玻璃).

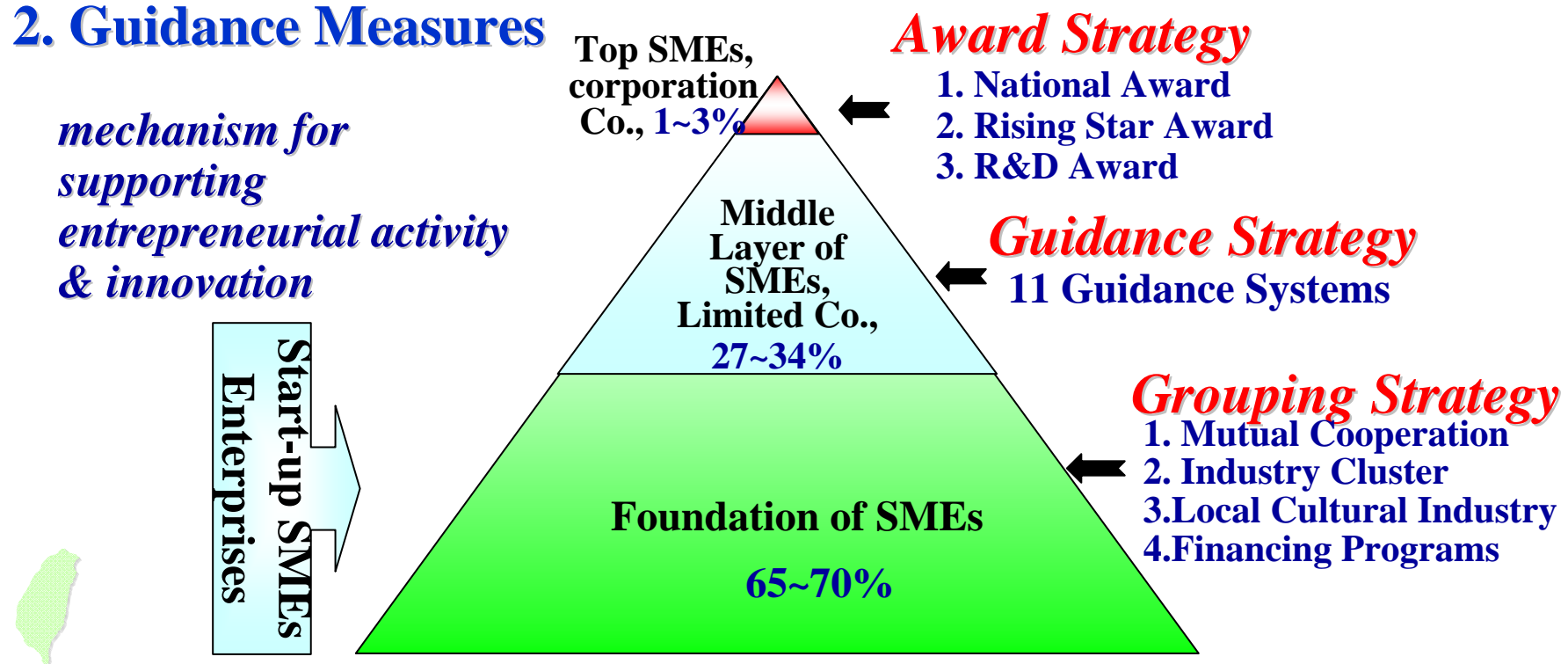


V. Taiwan's Experiences in SME Development

1. Current Status of CT's Small and Medium Enterprises

- ◆ The number of enterprises is 1.24million, accounting for 97.9% of total enterprises.
- ◆ Total employees is 8.19 million people, accounting for 78.5% of total national employment.
- ◆ Direct export sales accounted for 16.9% of all enterprises, indirect export rate is estimated of about 30%, another 30% export through third party trade service company.

2. Guidance Measures



V. Taiwan's Strategies for SME's Emerging Market Success - **New Chen Ho Plan**



Chen Ho

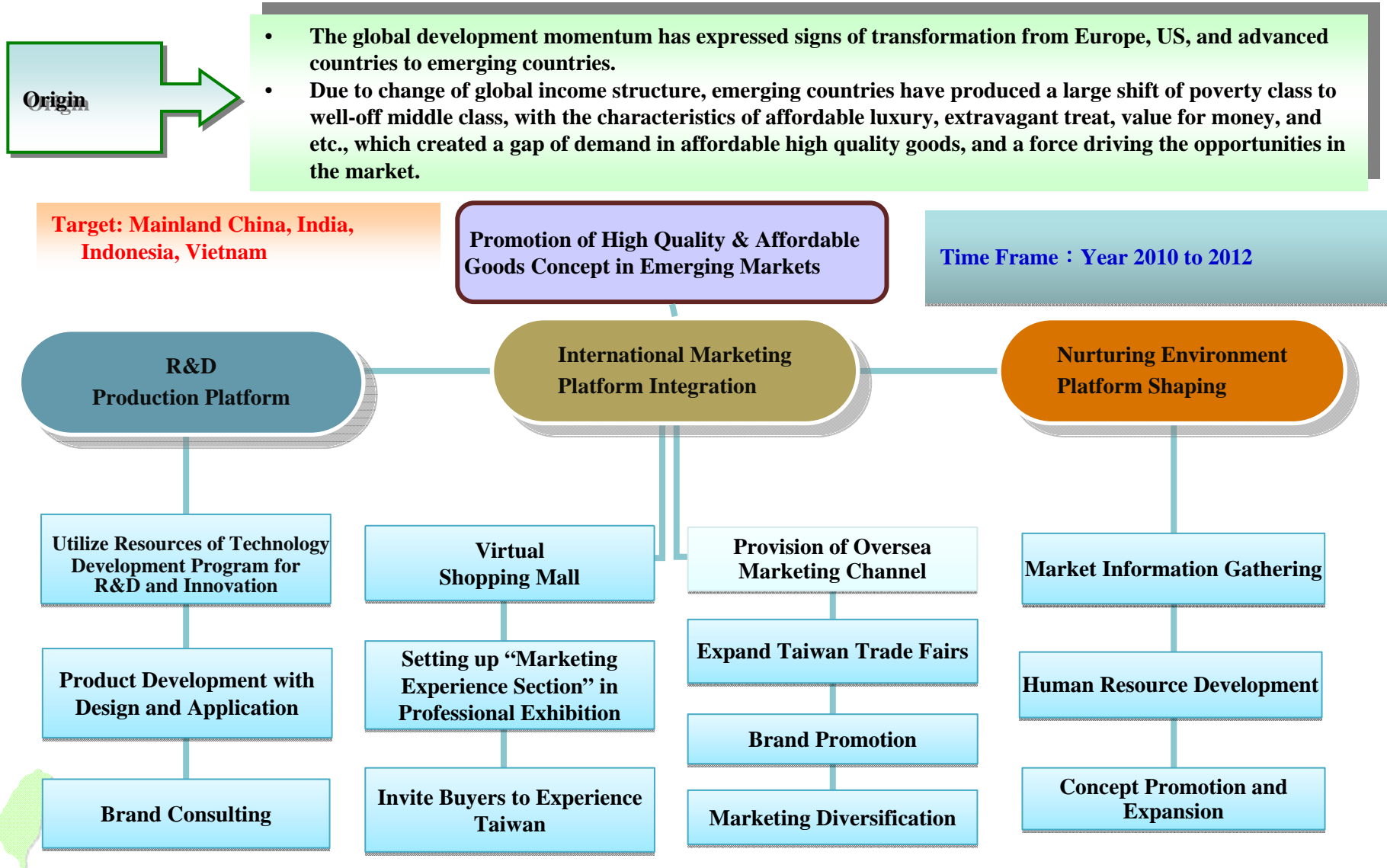
Market Explorer
in the Ming Dynasty



V. Taiwan's Strategies for SME's Emerging Market Success

-Expansion in the emerging markets

-Promotion of High Quality & Affordable Goods Concept in Emerging Markets



VI. APEC's Determination on Resolving Impediments to Increase SME Exports

- Resolving Impediments to Increase SME Exports

- 9 Trade Barriers

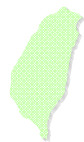
Item	Trade Barrier	Forum	Actions Recommend by AMM
1	Lack of access of financing	SMEWG	Share information between economies on top export financing approaches for SMEs and identify best practices for export credit agencies to improve SMEs' access to financing;
2	Lack of Capacity to internationalize and difficulty in identifying foreign business opportunities	SMEWG	Develop best practices to assist SMEs in internationalizing operations and identifying foreign business opportunities;
3	Need for open and transparent business environments	SMEWG	Endorse principles for voluntary codes of business ethics in the construction and engineering, medical devices, and biopharmaceutical sectors to ensure open and transparent business environments;
4	Excessive transportation and related costs	SMEWG	Promote the use of new technologies to increase operational efficiencies to lower the impact of high transportation costs and make information about logistics market dynamics more accessible;
5	Customs clearance delays, including difficulties in navigating overly complex customs requirement and documentation	CTI	Develop an APEC Website containing links to economies' customs websites with basic customs information in domestic languages and English, and promote the use of SME-relevant resources on economies' customs Websites to assist in the navigation of customs procedures and documentation requirements;

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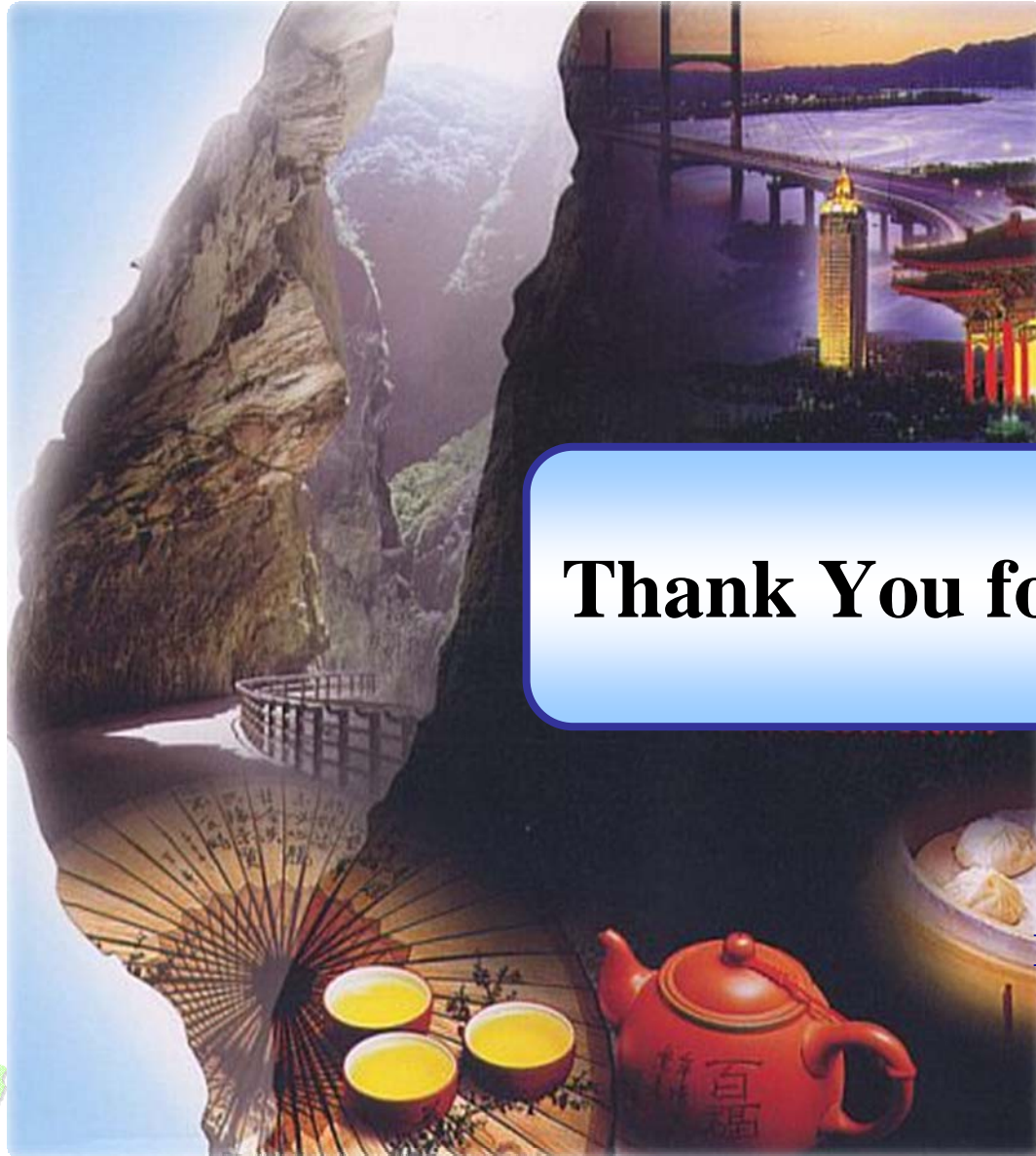
Item	Trade Barrier	Forum	Actions Recommend by AMM
6	Difficulty in navigating differing legal, regulatory, and technical requirements	CTI	Expand the APEC Services Trade Access Requirements (STAR) Database to improve access to differing legal, regulatory, and technical requirements for SME services exporters;
7	Inability to protect intellectual property	CTI	Ease access to basic information on how to register intellectual property (IP), including relevant websites, for each economy on an APEC Website in domestic languages and English where possible, promote the use of single windows to facilitate IP registration in economies, and improve access to related educational materials to make it easier to register IP;
8	Inadequate policy and regulatory frameworks to support cross-border electronic commerce	CTI	Update the 1998 Blueprint for Action on Electronic Commerce to keep pace with developments in technology and innovations in business models in a way that accounts for the significant role that electronic commerce plays in expanding SME access to global markets;
9	Difficulty in taking advantage of preferential tariff rates and other aspects of trade agreements	CTI	Enhance access to information on the benefits of FTAs through summaries of relevant chapters on the APEC Website on Tariffs and Rules of Origin in domestic languages and English in the future, identify economies' best practices to promote FTA utilization, and prepare a guidebook to assist SMEs in using FTAs to expand their export opportunities.



VII. Conclusions

- ❖ In the knowledge economy, Taiwan will keep initiating new measures to help our SMEs enter the global market, not just assist them in selling products abroad but in enhancing their capabilities to do market research and access new markets.
- ❖ According to the recently released Global Financial Centers Index, Hong Kong is ranked No. 3. Hong Kong stands out in financial regulatory policy, quality of finance professionals, low tax rates, and market access, while Taiwan possesses excellent IT and supportive infrastructure.
- ❖ Hong Kong will keep on being an important window and partner for Taiwan to enter Mainland China's market, as well as other emerging markets.





Thank You for Your Attention!

For more information, please visit
<http://www.moeasmea.gov.tw>