

## **Press Release**

### **“Towards a People-Centered ASEAN Community: Strengthening SMEs in ASEAN”**

In the run-up to the ASEAN Summit, the Republic of Indonesia’s Ministry of Trade (MoT), Ministry of Cooperatives and SMEs (MoCSME), and the Economic Research Institute for ASEAN and East Asia (ERIA) hosted a major Symposium entitled: “Towards a People-Centered ASEAN Community: Strengthening SMEs in ASEAN” held at Nareswara Hall, SMESCO UKM Building in Jakarta on 2 May 2011. More than 200 participants from the business community, government officials, diplomats, academic, civil society and media attended the whole day Symposium.

The keynote address for the symposium was delivered by Her Excellency Mari Elka Pangestu, Minister of Trade who is also the Chairperson of the ASEAN Economic Ministers (AEM) while His Excellency Syarifuddin Hasan, the Minister of Cooperatives and SMEs gave an acceptance speech in relations to the key recommendations arising from the Symposium. Distinguished speakers and moderators were leading scholars from LIPI, LPEM-FEUI, TNP2K, Trisakti, and CSIS as well as OECD, ERIA and leading universities in ASEAN and Australia.

In her keynote address, Minister Mari Elka Pangestu urged the Symposium to come up with concrete recommendations on what ASEAN can do to bring ASEAN to the people through SMEs. Among the specific areas that she highlighted are on (1) making SMEs use more fully the potential benefits from a single ASEAN market as well as ASEAN + 1 markets (from the ASEAN + 1 FTAs); (2) developing ASEAN programs that facilitate SMEs utilizing more aggressively the potentials of ICT and Internet to expand their markets and source their materials and inputs more cheaply; and (3) identifying skill sets for, and train, SME entrepreneurs for effective utilization of new technology (e..g, websites) and formal finance.

Minister Syarifuddin Hasan in his acceptance speech emphasized that because the vast majority of the business players in the region are SMEs and because it is primarily through them that the ASEAN Economic Community (AEC) measures impact on the populace, it is important to examine, and shape, the regional integration architecture embodied in the AEC Blueprint measures from the *lens* of the development of SMEs in the region; i.e., their growth, adjustment and participation in the deepening trade and economic linkages within the ASEAN and East Asia. That is, it is high time for the ASEAN to put the SMEs at the heart of the ASEAN integration and development process. The Minister also lauded the recommendations that have been put forward in the Symposium.

The key recommendations of the Symposium are as follows:

- Develop an ASEAN SME Policy Index. The Index will cover a number of areas of interest to SMEs, including faster and cheaper start-up, entrepreneurship education and training, access to finance, improving technological capability, getting more out of the ASEAN market, and developing stronger representation of SMEs in national policy arena. This Index is expected to facilitate harmonize policies, strengthen coordination of policies and programs for SME development in the region program, and serve as an instrument for capacity building for regulators and SMEs.
- Set an ASEAN standard towards an international best practice for an efficient procedure for business registration process.
- Build a database and information system on ASEAN SMEs for business matching, effective implementation of ASEAN initiatives and SME specific support programs.
- Develop complement of programs or approaches to provide SME financing with little collateral. This includes credit insurance or guarantee schemes, credit rating or borrower risk rating, “one finance advisor-one village” approach, and training local financial institutions on risk management and borrower risk rating.
- Develop business advisory, entrepreneurial and financial management services for SMEs.
- Develop non-traditional financial services to facilitate the growth of SMEs; e.g., venture capital, leasing.
- Develop a ladderised approach for ASEAN SMEs to meet international standards
- Facilitate collaborations among SMEs in the region to implement the ladderised steps towards required standards
- Strengthen engineering capability of ASEAN SMEs through cooperation with technical education institutions
- Integrate ASEAN SMEs in the regional production networks

In his acceptance speech, Minister Hasan encouraged ERIA to help develop SME Policy Index for ASEAN.

