



# CHAPTER 11

## Focus Areas and Support for Small and Medium-sized Enterprises

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Regional Comprehensive Economic Partnership (RCEP) member countries differ in terms of the level of development. To ensure the benefits of RCEP are distributed equitably, economic and technical cooperation are needed between developing member countries with more developed member countries. This study attempts to identify the areas of economic and technical assistance needed by developing RCEP members. The study also aims to identify economic and technical assistance that could be implemented under RCEP to support the growth and development of SMEs in the region. A comparison between the Comprehensive and Progressive Agreement for Trans-Pacific Partnership and RCEP provides some ideas on how economic and technical cooperation and small and medium-sized enterprise focus areas could evolve.

## Introduction

The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement (FTA) that involves 15 countries differing from each other in terms of size, economic structure, and level of development. The largest country in RCEP, China, has a 1.4 billion population, compared to Brunei Darussalam's 437,483 people (**Table 11.1**). Even though RCEP economies have been converging in terms of per capita income over time, significant cross-country differences remain (**Figure 11.1**). Singapore, the wealthiest country, has a per capita income 22 times that of Cambodia. The agriculture sector in terms of share of gross domestic product (GDP) is still important in countries such as Myanmar, Lao People's Democratic Republic (Lao PDR), Viet Nam, and Indonesia, while the sector's contribution is relatively small in Singapore, Brunei Darussalam, Japan, and Republic of Korea. The countries also differ in terms of openness as measured by the trade/GDP ratio.

The differences amongst the RCEP countries raise the question of whether countries will benefit equally from their participation in the FTA. Will, for example, more developed member economies benefit more than the less developed member economies? If this is the case, how should FTAs such as RCEP be implemented to ensure that appropriate gains are accrued to less-developed member economies?

There are several policy approaches to these questions. One is to adopt a **special and differential** treatment that provides greater flexibility for less developed economies to implement FTA provisions (Ornelas, 2016). The other is the provision of **economic and technical assistance** to less developed economies to enable them to participate in the FTA more effectively. Such assistance includes capacity-building measures that target relatively disadvantaged stakeholders such as micro, small and medium sized enterprises (MSMEs). MSMEs constitute more than 90% of business enterprises in all RCEP countries. These enterprises often face significant challenges that constrain them from participating in and benefiting from FTAs such as RCEP.

**Table 11.1 Comparisons of RCEP Countries, 2020**

| Country Name      | Population    | GDP Per Capita (US\$) | Agriculture Share of GDP (%) | Industry Share of GDP (%) | Services Share of GDP (%) | Trade Ratio (%) |
|-------------------|---------------|-----------------------|------------------------------|---------------------------|---------------------------|-----------------|
| Brunei Darussalam | 437,483       | 62,201                | 1                            | 59                        | 40                        | 110             |
| Indonesia         | 273,523,621   | 11,445                | 14                           | 38                        | 48                        | 33              |
| Cambodia          | 16,718,971    | 4,192                 | 22                           | 35                        | 43                        | 124             |
| Lao PDR           | 7,275,556     | 7,811                 | 16                           | 32                        | 52                        | 75              |
| Malaysia          | 32,365,998    | 26,472                | 8                            | 36                        | 56                        | 116             |
| Myanmar           | 54,409,794    | 4,857                 | 22                           | 36                        | 42                        | 54              |
| Philippines       | 109,581,085   | 7,954                 | 10                           | 28                        | 61                        | 58              |
| Singapore         | 5,685,807     | 93,397                | 0                            | 24                        | 76                        | 321             |
| Thailand          | 69,799,978    | 17,285                | 9                            | 33                        | 58                        | 98              |
| Viet Nam          | 97,338,583    | 8,200                 | 15                           | 34                        | 51                        | 208             |
| Australia         | 25,687,041    | 48,690                | 2                            | 25                        | 73                        | 44              |
| China             | 1,410,929,362 | 16,316                | 8                            | 38                        | 55                        | 35              |
| Japan             | 125,836,021   | 40,232                | 1                            | 29                        | 70                        | 31              |
| Rep. of Korea     | 51,780,579    | 42,381                | 2                            | 33                        | 66                        | 69              |
| New Zealand       | 5,084,300     | 42,775                | 6                            | 20                        | 74                        | 44              |

GDP = gross domestic product, Lao PDR = Lao People's Democratic Republic, RCEP = Regional Comprehensive Economic Partnership.

Notes:

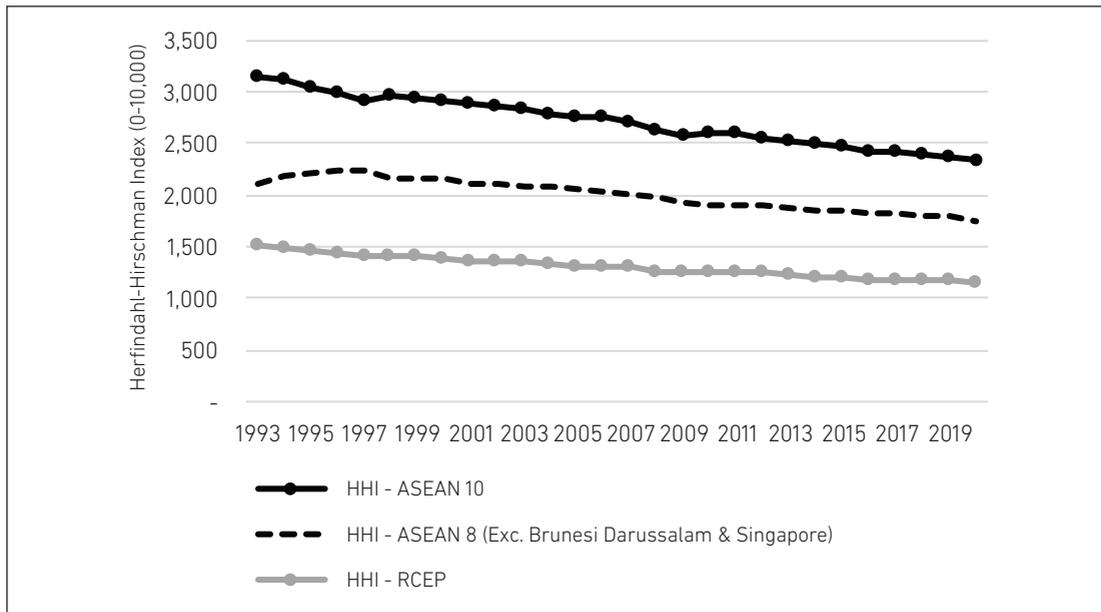
GDP per capita is measured in PPP (constant 2017 US\$)

Sectoral GDP Share: Japan (2019), New Zealand (2018)

Trade Ratio = Trade/GDP: Lao PDR (2016)

Source: <https://data.worldbank.org/>

**Figure 11.1** Inequality in GDP Per Capita Across RCEP Countries



ASEAN = Association of Southeast Asian Nations, GDP = gross domestic product, RCEP = Regional Comprehensive Economic Partnership.  
Source: World Bank.

The goal of this study is to examine the role of economic and technical cooperation (ETC) in RCEP as well as identify specific areas needed by developing members. It provides a review of existing provisions for ETC in RCEP and identifies specific types that are likely to be needed by MSMEs to ensure they will benefit.

The outline of this study is as follows. Section 2 will examine the provisions on economic and technical cooperation in the RCEP agreement. The provisions on SME development in the Agreement are discussed in Section 3. Policy implications for SME development via RCEP are explored in Section 4. Section 5 examines the ETC provisions in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to contextualise what is formulated in RCEP. The implications of the built-in agenda for ETC are explored in Section 6. Section 7 concludes.

# Economic and Technical Cooperation in RCEP

## Goals and Scope of ETC in RCEP

The goals of ETC, as stated in the Chapter 15 of the RCEP agreement, are as follows:

The Parties agree that the economic and technical cooperation in the RCEP context aims at ***narrowing development gaps among the Parties and maximising mutual benefits from the implementation and utilisation of this Agreement.*** (bold and italics added, Article 15.3 of RCEP).

In terms of scope, the RCEP agreement specified that ETC activities, which include capacity building and technical assistance, should focus on **trade and investment-related activities**. The agreement goes on to list the specific areas of focus that correspond to key chapters of the agreement, namely:

1. trade in goods (Chapters 2–7);
2. trade in services (Chapter 8);
3. investment (Chapter 10);
4. intellectual property (Chapter 11);
5. electronic commerce (Chapter 12);
6. competition (Chapter 13);
7. SMEs (Chapter 14); and
8. other matters, as agreed upon amongst the Parties.

## Areas for Economic and Technical Cooperation in RCEP

In terms of activities for ETC, the RCEP agreement provides guidance on the specific types of activities that should be prioritised. These include:<sup>1</sup>

1. Activities that provide **capacity building and technical assistance** to *developing country Parties and Least Developed Country Parties*;
2. Activities that increase **public awareness**;
3. Activities that enhance access to **information for businesses**; and
4. Other activities as may be agreed upon amongst the Parties.

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<sup>1</sup> Item No.2 in Article 15.5: Work Programme – RCEP Agreement Chapter 15, page 15-3.

In the agreement, the term “**Least Developed Country (LCD) Parties**” is defined as the least developed country parties that are member states of ASEAN (Article 15.6). Based on per capita income, these countries include Cambodia, Lao PDR, and Myanmar.

The implementation of many of the commitments under RCEP requires capacity building and technical assistance, especially to the public sector (Table 11.2). A narrow interpretation of Chapter 15 is that the capacity building and technical assistance activities in these areas are to be delivered to only ASEAN LDCs. However, it should be noted that the special and differential treatment status has been accorded to the ASEAN LDCs in some of the RCEP commitments in the form of either exemption or delayed implementation (see Table 11.2). The possible implications of the special and differential treatment for capacity building and technical assistance activities are two-fold:

- First, an **exemption** implies that capacity building and technical assistance are not needed.
- Second, **delayed implementation** implies that capacity building and technical assistance are needed during the critical period before commitments are implemented.

The special and differential treatment provisions for the ASEAN LDCs are summarised in Table 11.3. Based on these provisions, priority for capacity building and technical assistance activities for ASEAN LDCs should be accorded to e-commerce and competition. The grace period for implementation of rules of origin (ROR) and trade in services is very long for these countries. It is perhaps worth considering whether other non-LDC ASEAN countries require capacity building and technical assistance in these areas.

**Table 11.2 Mapping ETC activities for RCEP**

|  | Capacity Building and Technical Assistance | Public Awareness | Information for Business |
|--|--|------------------|--------------------------|
| Chapter 2: Trade*<br>Tariff commitments<br>Non-tariff measures (inc. quantitative restrictions and import licensing) | X<br>(Public and Private)                  |                  | X                        |
| Chapter 3: Rules of Origin*<br>Differential treatment for LDCs (20 years instead of 10 years)                        | X<br>(Public)                              |                  | X                        |
| Chapter 4: Customs Procedures and Trade Facilitation   | X<br>(Public)                              |                  |                          |
| Chapter 5: Sanitary and Phytosanitary Measures   | X<br>(Public and Private)                  |                  | X                        |
| Chapter 6: Standards, Technical Regulations and Conformity Assessment Procedures                                     | X<br>(Public and Private)                  |                  | X                        |

|  | Capacity Building and Technical Assistance | Public Awareness | Information for Business |
|--|--|------------------|--------------------------|
| Chapter 7: Trade Remedies                        | X<br>(Public)                              |                  |                          |
| Chapter 8: Trade in Services*                    | X<br>(Public)                              |                  | X                        |
| Chapter 9: Temporary Movement of Natural Persons | X<br>(Public)                              | X                |                          |
| Chapter 10: Investment*                          | X<br>(Public)                              | X                | X                        |
| Chapter 11: Intellectual Property                | X<br>(Public)                              | X                | X                        |
| Chapter 12: E-Commerce*                          | X<br>(Public)                              | X                | X                        |
| Chapter 13: Competition*                         | X<br>(Public)                              | X                |                          |
| Chapter 14: SMEs                                 | X<br>(Public and Private)                  | X                | X                        |
| Chapter 16: Government Procurement               | X<br>(Public)                              |                  | X                        |

ETC = economic and technical cooperation, SMEs = small and medium-sized enterprises, LDC = least developed country, RCEP = Regional Comprehensive Economic Partnership.

Note: \* Provisions with differential treatment for ASEAN LDCs.

Source: Author.

**Table 11.3 Special and Differential Treatment for ASEAN LDCs in RCEP**

| Chapters                   | Special and Differential Treatment for ASEAN LDCs   |
|----------------------------|---|
| Chapter 2: Trade           | <ul style="list-style-type: none"> <li>• Tariff elimination: <ul style="list-style-type: none"> <li>o ASEAN LDCs: 30% of trade</li> <li>o Others: Up to 65% of trade</li> </ul> </li> <li>• Time for tariff elimination: <ul style="list-style-type: none"> <li>o ASEAN LDCs: 15 years</li> <li>o Others: 10 years</li> </ul> </li> </ul>   |
| Chapter 3: Rules of Origin | <p>1(c) a Declaration of Origin by an exporter or producer in accordance with subparagraph 1(b) of Article 3.18 (Declaration of Origin) ...</p> <ul style="list-style-type: none"> <li>• Australia, Brunei Darussalam, China, Indonesia, Japan, Rep. of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Viet Nam shall implement subparagraph 1(c) no later than <b>10 years</b> after their respective dates of entry into force of this Agreement.</li> <li>• Cambodia, Lao PDR, and Myanmar shall implement subparagraph 1(c) no later than <b>20 years</b> after their respective dates of entry into force of this Agreement.</li> </ul> |

| Chapters                     | Special and Differential Treatment for ASEAN LDCs   |
|------------------------------|---|
| Chapter 8: Trade in Services | <p><u>Article 8.12: Transition</u></p> <p>1. A Party making commitments in accordance with Article 8.7 (Schedules of Specific Commitments) (hereinafter referred to as a “transitioning Party” in this Article) shall submit a proposed Schedule of Non-Conforming Measures (hereinafter referred to as a “Proposed Schedule” in this Article) that accords with Article 8.8 (Schedules of Non-Conforming Measures) to the Committee on Services and Investment for circulation to the other Parties, no later than <b>3 years</b>, or for Cambodia, Lao PDR, and Myanmar, no later than <b>12 years</b>, after the date of entry into force of this Agreement.</p> <p>The process referred to in paragraphs 1 through 4 shall be completed no later than 6 years, or for Cambodia, Lao PDR, and Myanmar, no later than 15 years, after the date of entry into force of this Agreement.</p>   |
| Chapter 10: Investment       | <ul style="list-style-type: none"> <li>• <u>Article 10.4: Most-Favoured-Nation Treatment</u> – This Article shall not apply to Cambodia, Lao PDR, Myanmar, and Viet Nam. <b>The treatment under this Article shall not be accorded to investors of Cambodia, Lao PDR, Myanmar, and Viet Nam, and to covered investments of such investors.</b></li> <li>• <u>Article 10.6: Prohibition of Performance Requirements:</u> (f) to transfer a particular technology, a production process, or other proprietary knowledge to a person in its territory; (h) to adopt a given rate or amount of royalty under a licence contract, in regard to any licence contract in existence at the time the requirement is imposed or enforced, or any future licence contract freely entered into between the investor and a person in its territory, provided that the requirement is imposed or enforced in a manner that constitutes direct interference with that licence contract by an exercise of non-judicial governmental authority of a Party. For greater certainty, this subparagraph does not apply when the licence contract is concluded between the investor and a Party. <b>Notwithstanding this Article, subparagraphs (f) and (h) shall not apply to Cambodia, Lao PDR, and Myanmar.</b></li> </ul>   |
| Chapter 12: E-Commerce       | <ul style="list-style-type: none"> <li>• Article 12.5: Paperless Trading: 1. Each Party shall: (a) work towards implementing initiatives which provide for the use of paperless trading, taking into account the methods agreed by international organisations including the World Customs Organization; <b>Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this subparagraph for a period of five years after the date of entry into force of this Agreement.</b></li> <li>• Article 12.6: Electronic Authentication and Electronic Signature: 1. Except in circumstances otherwise provided for under its laws and regulations, a Party shall not deny the legal validity of a signature solely on the basis that the signature is in electronic form. <b>Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement.</b></li> <li>• Each Party shall adopt or maintain laws or regulations to provide protection for consumers using electronic commerce against fraudulent and misleading practices that cause harm or potential harm to such consumers. <b>Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement.</b></li> </ul> |

| Chapters                | Special and Differential Treatment for ASEAN LDCs  |
|-------------------------|--|
|                         | <ul style="list-style-type: none"> <li>Each Party shall adopt or maintain a legal framework which ensures the protection of personal information of the users of electronic commerce. <b>Cambodia, Lao PDR, and Myanmar shall not be obliged to apply this paragraph for a period of five years after the date of entry into force of this Agreement.</b></li> </ul> |
| Chapter 13: Competition | Article 13.3: Appropriate Measures against Anti-Competitive Activities <ul style="list-style-type: none"> <li>Grace period of 3 years for Brunei Darussalam, Cambodia, Lao PDR, and Myanmar</li> </ul>   |

ASEAN = Association of Southeast Asian Nations, Lao PDR = Lao People's Democratic Republic, LDC = least developed country, RCEP = Regional Comprehensive Economic Partnership.

Source: Author's compilation based on RCEP's legal text extracted from <https://rcepsec.org/legal-text/>

ETC activities to enhance public awareness are relevant to commitments that directly affect individuals (including individual entrepreneurs). These include RCEP commitments in investment, intellectual property, e-commerce, competition, and SMEs. ETC support for these activities can be channelled to ASEAN countries (need not be confined to ASEAN LDCs).

Finally, ETC aimed at enhancing information for businesses applies to almost all areas of RCEP. There is a need for a more detailed analysis of the priority areas. Some areas such as ROR might not be a priority area in the immediate future due to its long implementation period.

## Institutions for Implementation of Economic and Technical Cooperation in RCEP

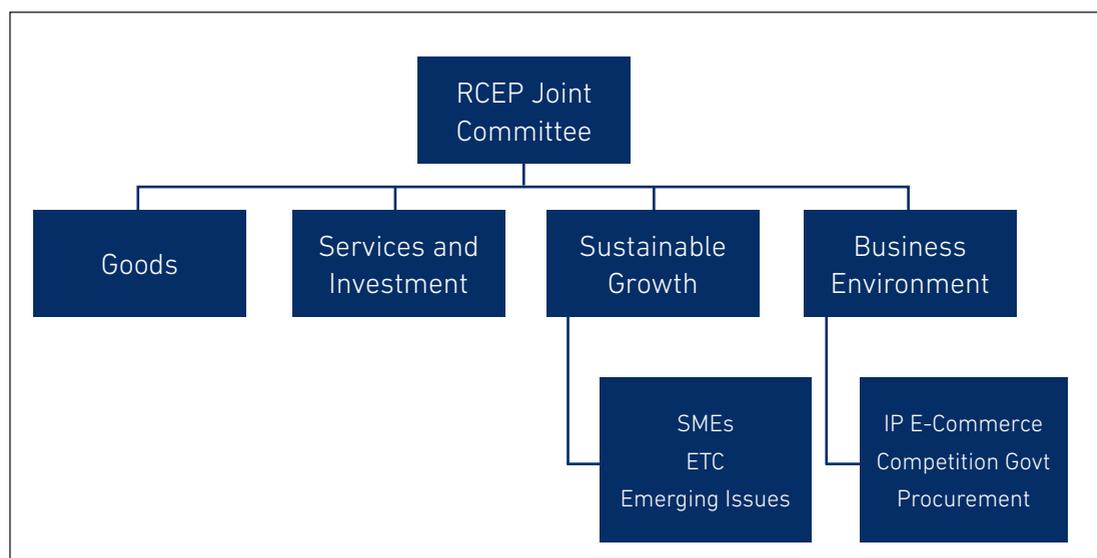
From an institutional perspective, RCEP-related activities are organised under four major sub-committees (Figure 11.2). The activities under ETC are placed under the subcommittee on sustainable growth. Aside from TCE, this sub-committee also covers SMEs and emerging issues. Thus, cross-committee discussions are likely to be needed for the implementation of TCE activities. It is unclear how ETC activities are to be organised. One possibility is for these activities to be centralised with the subcommittee on sustainable growth based on the compilation of requests from various subcommittees. There is a provision in the RCEP agreement on the possibility of establishing additional sub-committees should the need arise.

Article 15.4 of the RCEP agreement also specifies the various parties that can be contributors to ETC activities. These include:

1. RCEP countries;
2. Non-RCEP countries; and
3. Sub-regional, regional, or international organisations or institutions.

The third category can include international organisations such as the World Trade Organization, World Bank, Organisation for Economic Co-operation and Development, Asian Development Bank, Asian Infrastructure Investment Bank and the United Nations (e.g., UNCTAD and UNESCAP). This category is broad enough to cover many types of potential contributors.

**Figure 11.2 Institutional Structure for RCEP Subcommittees**



IP = intellectual property, SME = small and medium-sized enterprise, ETC = environmental and technical cooperation, RCEP = Regional Comprehensive Economic Partnership.

Source: Author.

# Economic and Technical Assistance for SME Development

## SMEs in Southeast Asia

MSMEs are the dominant form of business enterprise in ASEAN Member States (AMS),<sup>2</sup> accounting for between 88.8% to 99.9% of total enterprises (ASEAN, 2015; Schaper, 2020). ADB (2020) estimated that MSMEs accounted for an average 97.2% of total enterprises during 2010–2019. MSMEs are also major contributors to employment, accounting for between 51.7% and 97.2% of the total for AMS (ASEAN, 2015). An important feature of MSMEs is that a significant proportion is in the services sector.<sup>3</sup> ADB (2020) estimated that 61%–89% of MSMEs are in the services sector, with only 5%–17% in the manufacturing sector. Thus, most of the MSMEs are in the non-tradable sector, which might constrain their ability to directly benefit from the trade-enhancing effects of RCEP. For manufacturing MSMEs, the proportion of firms engaging in exporting activities is also lower than their larger counterparts. MSMEs' share of total exports remains small, ranging from 10.0% to 29.9% (ASEAN, 2015).

## Impact of RCEP on SMEs

The impact of trade liberalisation through FTAs such as RCEP on SMEs is best studied using firm-level data within the heterogeneous firm framework. Within this framework, trade liberalisation brings about the reallocation of resources across firms within industries (Melitz, 2003; Redding, 2011, Bernard et al., 2012). This occurs through the exit of low-productivity firms and the entry as well as expansion of high-productivity firms into export markets.

As SMEs tend to have lower productivity and a lower propensity for exporting, FTAs such as RCEP are expected to benefit SMEs less than large enterprises. SMEs may still benefit from RCEP through lower costs and higher quality of imported inputs but such gains are likely to be fewer than those enjoyed by large firms. SMEs are also constrained from investing in innovation activities despite the lowering of trade barriers, and they lack sufficient scale economies to overcome the fixed costs of exporting. The lowering of trade barriers would also put competitive pressures on domestically oriented SMEs (Goldberg and Pavcnik, 2016). These problems are likely to be compounded in developing AMS.

<sup>2</sup> In official ASEAN documents, the term SME is often used to include micro-enterprises. Thus, the terms SME and MSME are often used interchangeably.

<sup>3</sup> The services sector includes wholesale and retail trade as well as 'other services' such as accommodation and food services.

In view of the above problems, it is imperative to ensure that the benefits of RCEP are more equitably distributed. Thus, ETC needs to be extended to SMEs. The provisions related to SMEs are provided in Chapter 14 of the RCEP agreement.

## SMEs and RCEP

Chapter 14 of the RCEP agreement focuses on SMEs. The stated goal of the chapter is to **increase the ability of SMEs to utilise and benefit from the opportunities created by the agreement**. The agreement also specifies two approaches to achieve this goal, namely, the promotion of information sharing and cooperation.

**Information sharing** is to be implemented through 'the establishment and maintenance of a publicly accessible **information platform, and information exchange** to share knowledge, experiences, and best practices amongst the Parties' (RCEP Legal Text, Article 14.2. Item 1). The agreement also provides details on the types of information to be placed on the platform, namely:

- full text of RCEP agreement;
- information on trade and investment-related laws and regulations relevant to SMEs; and
- additional business-related information that are useful for SMEs interested in benefitting from the opportunities provided by RCEP.

The list of activities identified for **cooperation** under the SME Chapter is quite extensive but fairly broad. The full text (RCEP legal text, Article 14.3) reads as follows:

- (a) encouraging efficient and effective implementation of facilitative and transparent trade rules and regulations;
- (b) improving SMEs' access to markets and participation in global value chains, including by promoting and facilitating partnerships among businesses;
- (c) promoting the use of electronic commerce by 9 and medium enterprises;
- (d) exploring opportunities for exchanges of experiences among Parties' entrepreneurial programmes;
- (e) encouraging innovation and use of technology;
- (f) promoting awareness, understanding, and effective use of the intellectual property system among SMEs;
- (g) promoting good regulatory practices and building capacity in formulating regulations, policies, and programmes that contribute to SME development; and
- (h) sharing best practices on enhancing the capability and competitiveness of SMEs.

The activities or measures listed under 'information sharing' and 'cooperation' in the SME chapter (14) overlap and are relevant to the activities listed under the TEC chapter (15). This is illustrated in Table 11.4, which categorises the information and cooperation activities for SMEs under the three categories of ETC measures.

Examining the activities relevant to capacity building and technical assistance, one question is whether they should be confined to ASEAN LDCs. Many of the middle-income ASEAN countries might require capacity building and technical assistance in some areas. Thus, it will be useful to identify areas requiring ETC for all or most of AMS and those specific to less developed ones. This will require going into the needs of each AMS for SME development.

**Table 11.4 SMEs and ETC in RCEP**

| Measures under RCEP Chapter 14<br>(Small and Medium-sized Enterprises)  | Measures under RCEP Chapter 15<br>(Economic and Technical Cooperation) |                  |                          |
|---|--|------------------|--------------------------|
|   | Capacity Building and Technical Assistance                             | Public Awareness | Information for Business |
| Information sharing   |  |                  | X                        |
| Encouraging efficient and effective implementation of facilitative and transparent trade rules and regulations  | X  |                  |                          |
| Improving small and medium enterprises' access to markets and participation in global value chains, including by promoting and facilitating partnerships amongst businesses | X  |                  | X                        |
| Promoting the use of electronic commerce by small and medium enterprises  | X  |                  |                          |
| Exploring opportunities for exchanges of experiences amongst Parties' entrepreneurial programmes  |  | X                | X                        |
| Encouraging innovation and use of technology  | X  |                  |                          |
| Promoting awareness, understanding, and effective use of the intellectual property system amongst small and medium enterprises  | X  | X                | X                        |
| Promoting good regulatory practices and building capacity in formulating regulations, policies, and programmes that contribute to small and medium enterprise development   | X  |                  |                          |
| Sharing best practices on enhancing the capability and competitiveness of small and medium enterprises  |  | X                | X                        |

SME = small and medium-sized enterprise, ETC = environmental and technical cooperation, RCEP = Regional Comprehensive Economic Partnership.

Source: Author.

## Assessing ETC for SME Development

The list of measures identified under the chapters on SMEs (14) and ETC (15) is fairly broad and comprehensive. It might be useful to evaluate this list against the needs of SMEs and existing policies to develop them in AMS. Such an exercise is useful to identify potential gaps and also assist in prioritising ETC activities for SMEs. There are two dimensions to this. First, at the national level, each AMS has its own programme and policies for SME development. Second, there are also ASEAN initiatives for SME development in the form of the *ASEAN Strategic Action Plan for SME Development 2016–2025* (SAP–SMED). The national plans and ASEAN initiatives often overlap as many of the action lines identified in the SAP–SMED call for the implementation of policies and projects to develop SME at the national level.

The goals of SME development in RCEP are consistent with that of the SAP–SMED. However, the vision and mission statement of SAP–SMED are even broader.<sup>4</sup> The vision of the SAP–SMED is 'globally competitive and innovative MSMEs', while its mission statement is expressed as follows: 'By 2025, ASEAN shall create globally competitive, resilient and innovative MSMEs, seamlessly integrated to ASEAN community and inclusive development in the region.' The two aspects of the goals of the SAP–SMED are consistent with a two-track approach (AMS and developing AMS) adopted for ETC and SME development in RCEP. This is reflected in the actions and two pathways in the SAP–SMED (Figure 11.3). The two pathways are as follows (excerpted from ASEAN [2015], pp.2–3):

- **Competitive pathway:** 'Initiatives to enhance the global competitiveness of *relatively advanced AMS* (i.e., developed AMS, secondary industries, urban areas, medium-sized enterprises, etc.) in terms of diversification and innovation.'; and
- **Inclusive pathway:** 'Initiatives to facilitate the transition from the traditional economy (i.e. *developing AMS*, primary industries, peripheral regions, *micro-to-small enterprises*, etc.) through industrialisation to raise incomes.'

The implications of the two pathways in SAP–SMED for ETC in RCEP could be interpreted in the following manner. The competitiveness pathway is applicable to ETC for all AMS, while the inclusiveness pathway is applicable to developing AMS.

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<sup>4</sup> Recall that the goal for SME development in RCEP is to 'increase the ability of SMEs to utilise and benefit from the opportunities created by the agreement'.

**Figure 11.3 Actions and Pathways in ASEAN Strategic Action Plan for SME Development 2016–2025**



AEC = ASEAN Economic Community, ASEAN = Association of Southeast Asian Nations, SME = small and medium-sized enterprise.  
Source: Author.

In the earlier discussions, it was suggested that the list of developing AMS is likely to include Cambodia, Lao PDR, and Myanmar. It might be useful to examine the current state of SME policy and the classification of AMS along the developed and developing categories. This will require country-by-country evaluation and comparisons of SME policies at the national level. In this regard, the SME Policy Index 2018 might be useful. The SME Policy Index was developed by the Organisation for Economic Co-operation and Development and the Economic Research Institute for ASEAN and East Asia, and can be used to assess the state of SME policy implementation as well as identify key promotion areas that require attention. This can be supplemented by information in ADB's Asia's Small and Medium-Sized Enterprise Monitor (ADB, 2020, 2021), as well as the *Mid-term Review of the ASEAN Strategic Action Plan for SME Development 2016–2025* (ASEAN, 2021).

Table 11.5 SME Policy Index, 2018

|   | Brunei Darussalam | Cambodia | Indonesia | Lao PDR | Malaysia | Myanmar | Philippines | Singapore | Thailand | Viet Nam |
|---|-------------------|----------|-----------|---------|----------|---------|-------------|-----------|----------|----------|
| Productivity, technology and innovation           | 3.37              | 2.62     | 4.14      | 2.76    | 5.06     | 2.38    | 4.08        | 5.84      | 4.97     | 3.48     |
| Environmental policies and SMEs                   | 2.04              | 1.88     | 3.28      | 1.94    | 5.08     | 1.72    | 3.75        | 5.3       | 4.29     | 3.63     |
| Access to finance                                 | 4.38              | 2.89     | 4.58      | 2.36    | 5.35     | 1.83    | 3.93        | 5.69      | 4.87     | 3.81     |
| Access to market and internationalisation         | 3.41              | 2.69     | 5.21      | 2.45    | 5.43     | 2.46    | 4.95        | 5.94      | 5.41     | 4.15     |
| Institutional framework                           | 4.01              | 2.55     | 4.35      | 2.89    | 5.86     | 2.17    | 4.44        | 5.85      | 4.88     | 4.05     |
| Legislation, regulation and tax                   | 3.69              | 2.31     | 3.49      | 2.4     | 4.71     | 2.23    | 3.36        | 5.52      | 3.74     | 3.32     |
| Entrepreneurial education and skills              | 4.06              | 2.54     | 4.52      | 2.29    | 4.58     | 2.38    | 4.5         | 5.36      | 4.5      | 2.87     |
| Social enterprises and inclusive entrepreneurship | 2.33              | 2.35     | 3.22      | 2.05    | 4        | 1.71    | 3.65        | 3.96      | 3.1      | 2.43     |

Lao PDR = Lao People's Democratic Republic, SME = small and medium-sized enterprise.

Note: The values range from 1 to 6.

Source: OECD/ERIA (2018).

The state of SME policy implementation across key AMS areas is summarised in Table 11.5. The indices take the value from 1 (minimum implementation – least effective) to 6 (maximum implementation – most effective). From the table, it is clear that there is significant diversity in the level of SME policy implementation amongst AMS. Based on the indices, it appears that it might be useful to classify the AMS into three groups based on the level of implementation of SME policies. The three groups are as follows:

- Advanced AMS – Malaysia, Singapore, and Thailand
- Middle AMS – Brunei Darussalam, Indonesia, Philippines, and Viet Nam
- Developing AMS – Cambodia, Lao PDR, and Myanmar

The next step would be the mapping of the SME policy areas of focus to specific groups of countries. The SME Policy Index classifies SME policies into eight broad categories (Table 11.5). We discuss the performance of AMS in these eight categories by mapping them into the list of measures under Chapter 14 and Chapter 15 in the RCEP agreement (Table 11.4). Some policy areas and activities are more directly relevant to RCEP. The categories that are not directly relevant to RCEP include:

- Environmental policies
- Access to finance
- Social enterprises and inclusive entrepreneurship

These are important areas for SME development but are not emphasised in RCEP; rather, they are promoted as part of the SAP–SMED. The relevant areas to RCEP include:

- Productivity, technology, and innovation
- Access to market and internationalisation
- Institutional framework
- Legislation, regulation, and tax
- Entrepreneurial education and skill

It would also be useful to examine and frame the above areas in terms of the changing needs of SMEs. This refers to the life cycles of industries as well as the changing nature of globalisation. The latter includes the evolution of manufacturing and services in the second and third unbundling brought about by the emergence and diffusion of ICT and other types of digital technologies (artificial intelligence, internet of things, robotics, etc.). These changes have implications for different types of support policies for established SMEs compared to new start-ups. The actions and pathways envisioned in the SAP–SMED will also need to be re-examined to ensure consistency with ETC-related measures in RCEP.

Finally, the time dimension (for inter-temporal prioritisation) is also important. Following the implementation pathways for the SAP–SMED, different periods can be assigned to the various areas of SME development under RCEP. The periods can be assigned as follows:

- Short-Term: Year 1 – Year 5
- Medium-Term: Year 6 – Year 10

# Economic and Technical Cooperation for SMEs Under RCEP

A programme for ETC to support SMEs under RCEP can be formulated based on three policy documents, namely: SAP–SMED, SME Policy Index, and the RCEP agreement. Table 11.6 summarises the measures under such a programme and are discussed next.

- **Information sharing** – This can be implemented (short-term) immediately to disseminate the relevant data and information about RCEP to the business community.
- **Encouraging efficient and effective implementation of facilitative and transparent trade rules and regulations** – ETC is needed in this area, especially for middle and developing AMS. The starting implementation period should be short-term given that this is one of the key sources of RCEP benefits.
- **Improving SMEs’ access to markets and participation in global value chains, including by promoting and facilitating partnerships amongst businesses** – ETC supporting this activity is likely to take some time to develop (medium-term starting point). Given that this is a challenging area, ETC should be extended to all AMS.
- **Promoting the use of electronic commerce by SMEs** – ETC for this measure should be implemented immediately (short-term). All AMS should be involved.
- **Exploring opportunities for exchanges of experiences amongst Parties’ entrepreneurial programmes** – The ETC for this measure can be implemented quickly and it should involve all AMS.
- **Encouraging innovation and use of technology** – There are significant variations in the technology capabilities of AMS. A staggered approach for ETC is needed. The medium-term implementation should involve middle and advanced AMS first, followed by developing AMS.
- **Promoting awareness, understanding, and effective use of the intellectual property system amongst SMEs** – Differences in the maturity of the intellectual property regimes across AMS suggest that this activity should also be staggered.
- **Promoting good regulatory practices and building capacity in formulating regulations, policies, and programmes that contribute to SME development** – The development of regulatory institutions will require more time. This should involve all AMS and be a medium-term initiative.
- **Sharing best practices on enhancing the capability and competitiveness of SMEs** – This measure can be implemented quickly by commissioning studies and running workshops in the short term. All AMS should be involved.

**Table 11.6 Implementation of ETC for SMEs Under RCEP**

| Measures under RCEP Chapter 14 (Small and Medium Enterprises)   | SME Policy Index Category                 | ETC Recipients                   | ETC Implementation Starting Period |
|---|---|----------------------------------|------------------------------------|
| Information sharing   | Entrepreneurial education and skills      | All AMS                          | Short-Term                         |
| Encouraging efficient and effective implementation of facilitative and transparent trade rules and regulations  | Access to market and internationalisation | Middle AMS and Developing AMS    | Short-Term                         |
| Improving small and medium enterprises' access to markets and participation in global value chains, including by promoting and facilitating partnerships amongst businesses | Access to market and internationalisation | All AMS                          | Medium-Term                        |
| Promoting the use of electronic commerce by small and medium enterprises  | Access to market and internationalisation | All AMS                          | Short-Term                         |
| Exploring opportunities for exchanges of experiences amongst Parties' entrepreneurial programmes  | Entrepreneurial education and skills      | All AMS                          | Short-Term                         |
| Encouraging innovation and use of technology  | Productivity, technology, and innovation  | All AMS but a staggered approach | Medium-Term                        |
| Promoting awareness, understanding, and effective use of the intellectual property system amongst small and medium enterprises  | Productivity, technology, and innovation  | All AMS but a staggered approach | Medium-Term                        |
| Promoting good regulatory practices and building capacity in formulating regulations, policies, and programmes that contribute to SME development                           | Legislation, regulation, and tax          | Middle AMS<br>Developing AMS     | Medium-Term                        |
| Sharing best practices on enhancing the capability and competitiveness of small and medium enterprises  | Legislation, regulation, and tax          | Middle AMS<br>Developing AMS     | Medium-Term                        |

ASEAN = Association of Southeast Asian Nations, AMS = ASEAN member state, SME = small and medium-sized enterprise, ETC = environmental and technical cooperation, RCEP = Regional Comprehensive Economic Partnership.

Source: Author.

# Contextualising ETC and SMEs in FTAs: Comparing RCEP with CPTPP

The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) is often regarded as a high-standard FTA. Implemented earlier than RCEP, the CPTPP is sometimes used as a benchmark to evaluate the comprehensiveness of FTAs. Even though it might not be useful to take this view given the greater heterogeneity of RCEP membership, it might still be useful to review and compare RCEP with CPTPP. Such an exercise will provide a useful context for assessing RCEP in terms of exploring alternative arrangements for FTAs.

ETC and SMEs are covered in three chapters in the CPTPP agreement, namely:

- Chapter 21: Cooperation and Capacity Building
- Chapter 23: Development
- Chapter 24: Small and Medium-Sized Enterprises

CPTPP Chapter 21 is roughly equivalent to RCEP Chapter 15 on technical and economic cooperation. Both chapters focus on supporting effective participation in the respective FTAs. However, there are also some differences in terms of content and scope. For one, CPTPP Chapter 21 does not provide for the notion of 'developing country Parties' and 'Least Developed Country Parties'. Thus, cooperation and capacity-building activities in RCEP are not confined to the less developed members of CPTPP. Unlike RCEP, the narrowing of the development gap does not appear to be a goal in CPTPP Chapter 21.

The focus of activities also differs. For RCEP, the focus is on increasing public awareness and enhancing access to information for businesses. The CPTPP also covers a few areas that are not included in RCEP, namely promotion of education, culture, and gender equality, as well as disaster risk management (Item 2 in Article 21.2).

The issue of the development gap is acknowledged in Chapter 23 of the RCEP agreement. It also affirms the importance of achieving broad-based economic growth. One big difference between CPTPP and RCEP is the greater emphasis on the role of women in development; one of the goals identified for cooperation in Chapter 23 is the enhancement of the ability of women (Article 23.4). The other area of focus identified in Chapter 23 is the promotion and development of education, science and technology, research and innovation. This chapter also identifies the modus operandi for advancing development issues, namely through the joint activities of various parties, i.e. government, private sector, and multilateral institutions. Hence, the carve-out and placement of development issues in a separate chapter (23) is an alternative approach to dealing with development gap issues. This makes it easier to separate technical and economic cooperation activities

for all members from activities targeted for less developed members. Finally, there is also greater cognizance of the role of the private sector, for example through public and private sector partnerships, in the CPTPP compared to RCEP.

The SME chapter in CPTPP is very similar to that of RCEP. Both focus on the provision of information platforms for SMEs. The types of activities identified to support SME activities and participation in exporting and global value chains are also very similar. One minor difference is the more explicit provisions in the CPTPP on monitoring of activities and measures to support SMEs.

To sum up, compared to the CPTPP, the ETC activities in RCEP are more focused on addressing the development gap. This is achieved by prioritising ETC activities for less-developed RCEP member countries. The CPTPP, however, has a greater focus on broad-based inclusiveness issues, especially on enhancing the ability of women. Education, science and technology, and innovation also receive greater attention in the CPTPP. Future revisions of RCEP should consider increasing emphasis in these areas. These could be areas that are featured in built-in agenda discussions in the future.

## Implications of Built-In Agenda for ETC and SMEs

As a 'living document', the built-in agendas in RCEP are important in shaping the implementation and reach of the agreement. Built-in agenda refers to provisions in a trade agreement that specify how and when future review and negotiations will take place. For example, in Section 3.16 in Chapter 3 on ROR, the country deadline for the implementation of the declaration of origin by exporters or producers can be extended via unilateral notification.

The built-in agendas have implications for ETC and SMEs. As the ETC and SME provisions are aimed at building capacities and capabilities for effective participation in RCEP, the progress achieved in these areas affects the application of the built-in agenda. If, for example, ETC and SME activities aimed at improving the system for ROR declaration and assisting firms' participation make slow progress, it could trigger the extension allowed under the built-in agenda. This implies that the implementation of ETC-related activities, including those aimed at SMEs, needs to be in sync with the built-in agendas. This needs to be a dynamic process, with ETC activities providing feedback on the readiness of countries to implement provisions that have built-in agenda. This will ensure the timely implementation of these provisions in RCEP.

## Conclusions

Given the differences in the level of development across RCEP member countries, ETC measures are needed to ensure that the benefits (and costs) of RCEP are distributed equitably. ETC measures are also needed to ensure the effective participation of all RCEP member countries.

For AMS, a useful programme for the ETC for RCEP is one that draws from three sources, namely, the *ASEAN Strategic Action Plan for SME Development 2016–2025*, the *SME Policy Index*, and the RCEP agreement. Mapping the elements of these three sources provides some indications of the key areas that can be implemented in the short-term (Year 1 to Year 5) and the medium-term (Year 6 to Year 10). Given the different levels of development, the implementation of some ETC measures should focus on developing and middle AMS. For measures that require higher level of development, for example, innovation, a staggered approach might be useful, i.e. one that initially involves advanced and middle AMS, followed by developing AMS.

The implementation of ETC measures for RCEP can also benefit from the lessons learned and recommendations given in the mid-term review of the SAP–SMED (ASEAN, 2021). These include the implementation of specific projects that are closely monitored periodically. Considerations should also be given to establishing new monitoring metrics and mechanisms for ETC implementation.

The RCEP is a living document that will evolve further. The ETC and SME focus areas within RCEP should evolve by putting more emphasis on enhancing the capability of women, education, and disaster risk management. The ETC activities should also be in sync with the built-in agenda to ensure that there are sound feedback systems that enable timely implementation of some of the provisions.

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## Appendix 1 Summary of Cooperation in Various RCEP Agreement Chapters

|  |   |
|--|---|
| Chapter 4: Customs Procedures and Trade Facilitation                             | <p><b>Article 4.19: Customs Cooperation</b></p> <ol style="list-style-type: none"><li>1. The customs authority of each Party may, as deemed appropriate, assist the customs authorities of other Parties, in relation to:<ol style="list-style-type: none"><li>(a) the implementation and operation of this Chapter;</li><li>(b) developing and implementing customs best practice and risk management techniques;</li><li>(c) simplifying and harmonising customs procedures;</li><li>(d) advancing technical skills and the use of technology;</li><li>(e) application of the Customs Valuation Agreement; and</li><li>(f) such other customs issues as the Parties may mutually determine.</li></ol></li></ol>   |
| Chapter 5: Sanitary and Phytosanitary Measures                                   | <p><b>Article 5.5: Equivalence</b></p> <ol style="list-style-type: none"><li>1. The Parties shall strengthen cooperation on equivalence in accordance with the SPS Agreement while taking into account the relevant decisions of the WTO Committee on Sanitary and Phytosanitary Measures (hereinafter referred to as “WTO SPS Committee” in this Chapter) and international standards, guidelines, and recommendations.</li></ol> <p><b>Article 5.7: Risk Analysis</b></p> <ol style="list-style-type: none"><li>1. The Parties shall strengthen their cooperation on risk analysis in accordance with the SPS Agreement while taking into account the relevant decisions of the WTO SPS Committee and international standards, guidelines, and recommendations.</li></ol> <p><b>Article 5.13: Cooperation and Capacity Building</b></p> <ol style="list-style-type: none"><li>1. The Parties shall explore opportunities for further cooperation among the Parties, including capacity building, technical assistance, collaboration, and information exchange, on sanitary and phytosanitary matters of mutual interest, consistent with this Chapter, subject to the availability of appropriate resources.</li></ol> <p>In undertaking cooperation activities, the Parties shall endeavour to coordinate with bilateral, regional, or multilateral work programmes, with the objective of avoiding unnecessary duplication and maximising the use of resources.</p> <p>The Parties are encouraged to share information and the experiences of their cooperation activities with other Parties at the Committee on Goods.</p> |
| Chapter 6: Standards, Technical Regulations and Conformity Assessment Procedures | <p><b>Article 6.9: Cooperation</b></p> <ol style="list-style-type: none"><li>1. The Parties shall strengthen their cooperation in the field of standards, technical regulations, and conformity assessment procedures, consistent with the objectives of this Chapter.</li><li>2. Each Party shall, on request of another Party, give positive consideration to proposals for cooperation on matters of mutual interest on standards, technical regulations, and conformity assessment procedures.</li></ol>  |

3. Such cooperation, which shall be on mutually determined terms and conditions, may include: (a) advice, technical assistance or capacity building relating to the development and application of standards, technical regulations, and conformity assessment procedures; (b) cooperation between conformity assessment bodies, both governmental and non-governmental, in the Parties, on matters of mutual interest; (c) cooperation in areas of mutual interest in the work of relevant regional and international bodies relating to the development and application of standards and conformity assessment procedures, such as enhancing participation in the frameworks for mutual recognition developed by relevant regional and international bodies; (d) enhancing cooperation in the development and improvement of standards, technical regulations, and conformity assessment procedures; and (e) strengthening communication and coordination in the WTO TBT Committee and other relevant international or regional fora.

|                                   |  |
|-----------------------------------|--|
| Chapter 8: Trade in Services      | <p><b>Article 8.25: Cooperation</b></p> <p>The Parties shall strengthen cooperation efforts in sectors, including sectors which are not covered by current cooperation arrangements. The Parties shall discuss and agree on the sectors for cooperation and develop cooperation programmes in these sectors in order to improve their domestic services capacity and their efficiency and competitiveness.</p>   |
| Chapter 11: Intellectual Property | <p><b>Article 11.81: Technical Assistance</b></p> <ol style="list-style-type: none"> <li>1. In accordance with the objectives of Chapter 15 (Economic and Technical Cooperation), the Parties agree to undertake the necessary technical assistance, pursuant to the identified needs for the implementation of this Chapter, as set out in Annex 11B (List of Technical Assistance Requests).</li> <li>2. The technical assistance referred to in paragraph 1 shall be on mutually agreed terms, subject to the relevant rules and regulations and availability of resources of the Parties involved.</li> </ol>  |
| Chapter 12: E-Commerce            | <p><b>Article 12.4: Cooperation</b></p> <ol style="list-style-type: none"> <li>1. Each Party shall, where appropriate, cooperate to: <ol style="list-style-type: none"> <li>(a) work together to assist small and medium enterprises to overcome obstacles in the use of electronic commerce;</li> <li>(b) identify areas for targeted cooperation between the Parties which will help Parties implement or enhance their electronic commerce legal framework, such as research and training activities, capacity building, and the provision of technical assistance;</li> <li>(c) share information, experiences, and best practices in addressing challenges related to the development and use of electronic commerce;</li> <li>(d) encourage business sectors to develop methods or practices that enhance accountability and consumer confidence to foster the use of electronic commerce; and</li> <li>(e) actively participate in regional and multilateral fora to promote the development of electronic commerce.</li> </ol> </li> </ol> |

Chapter 13: Competition

**Article 13.4: Cooperation**

The Parties recognise the importance of cooperation between or among their respective competition authorities to promote effective competition law enforcement. To this end, the Parties may cooperate on issues relating to competition law enforcement, through their respective competition authorities, in a manner compatible with their respective laws, regulations, and important interests, and within their respective available resources. The form of such cooperation may include:

- (a) notification by a Party to another Party of its competition law enforcement activities that it considers may substantially affect the important interests of the other Party, as promptly as reasonably possible;
- (b) upon request, discussion between or amongst Parties to address any matter relating to competition law enforcement that substantially affects the important interest of the requesting Party;
- (c) upon request, exchange of information between or amongst Parties to foster understanding or to facilitate effective competition law enforcement; and
- (d) upon request, coordination in enforcement actions between or amongst Parties in relation to the same or related anti-competitive activities.

Chapter 14: SMEs

**Article 14.3: Cooperation**

The Parties shall strengthen their cooperation under this Chapter, which may include:

- (a) encouraging efficient and effective implementation of facilitative and transparent trade rules and regulations;
- (b) improving small and medium enterprises' access to markets and participation in global value chains, including by promoting and facilitating partnerships among businesses;
- (c) promoting the use of electronic commerce by small and medium enterprises;
- (d) exploring opportunities for exchanges of experiences among Parties' entrepreneurial programmes;
- (e) encouraging innovation and use of technology;
- (f) promoting awareness, understanding, and effective use of the intellectual property system amongst small and medium enterprises;
- (g) promoting good regulatory practices and building capacity in formulating regulations, policies, and programmes that contribute to small and medium enterprise development; and
- (h) sharing best practices on enhancing the capability and competitiveness of small and medium enterprises.

Chapter 16: Government Procurement

**Article 16.5: Cooperation**

The Parties endeavour to cooperate on matters relating to government procurement with a view to achieving a better understanding of each Party's respective government procurement systems. Such cooperation may include:

- (a) exchanging information, to the extent possible, on Parties' laws, regulations, and procedures, and any modifications thereof;
- (b) providing training, technical assistance, or capacity building to Parties, and sharing information on these initiatives;
- (c) sharing information, where possible, on best practices, including those in relation to small and medium enterprises, including micro enterprises; and
- (d) sharing information, where possible, on electronic procurement systems.

Source: Author.

## Appendix 2 Summary of Technical Assistance Requests under Intellectual Property (Annex 11B for Chapter 11)

|   | Cambodia | Lao PDR | Myanmar  | Viet Nam   |
|---|----------|---------|--|--|
| Support in setting up a system for the electronic application for processing, registering, and maintenance of trademarks.   | X        | X       | X  |  |
| With a view to supporting the operational needs of Myanmar, support in setting up a publicly accessible online electronic database of trademark applications and registrations. |          |         | X  |  |
| Support in capacity building for staff members and experts involved in law amendment processes to cover sound mark protection;  | X        |         |  | Support in capacity building for staff members involved in law amendment processes to cover sound mark protection; |
| Support in capacity building for trademark examiners, with respect to the protection of sound marks;  |          |         | Support in the necessary training for the trademark examiners to have competency for all types of trademarks, being not limited to traditional trademarks, which are visually perceptible marks. | Support in capacity building for trademark examiners, with respect to protection of sound marks;                   |

|  | Cambodia | Lao PDR | Myanmar | Viet Nam  |
|--|----------|---------|---------|---|
| Support in capacity building for information technology experts, with a view to maintaining and developing an electronic application system for trademarks, patent, and new varieties of plants; and | X        |         |         | Support in capacity building for information technology experts, with respect to maintenance and development of electronic systems. |
| Support in capacity building for staff members and experts involved in RMI, technological measures, and enforcement.   | X        |         |         |   |
| Providing expertise on accession to the WIPO Copyright Treaty (WCT) and WIPO Performances and Phonograms Treaty (WPPT).  | X        |         |         | Providing expertise on accession to the WCT, the WPPT, and the Marrakesh Treaty.  |
| Support with respect to the operation of collective management organisations and establishment and provision of services to members of collective management organisations.                          |          |         | X       |   |
| Support in the implementation and development of a system with respect to the protection of geographical indications.  |          |         | X       |   |
| Support in developing capacity of customs authorities of Myanmar to effectively check pirated copyright goods and counterfeit trademark goods for enforcement by ex officio action.                  |          |         | X       |   |
| Support for the operational needs of Myanmar to take effective action against infringement in the digital environment.   |          |         | X       |   |

Lao PDR = Lao People's Democratic Republic.

Source: Author.