

An ABAC Mexico Initiative

Support policies for SMEs in APEC

**An evaluation of the effectiveness of governmental performance to support SMEs
First Draft**

Introduction

According to the last Report to Leaders, the SME Policy Observatory is an ABAC institutional initiative to analyze and monitor the performance of SME related policies in the Asia Pacific Region. ABAC Mexico keeps up with the survey to measure the effectiveness of the policies implemented in each economy with the purpose of having a valid indicator on how governments are helping SME's in the region with policies that foster employment and economic growth.

This effort requires the participation of all the economies in terms of gathering vast and robust information to continue developing these indicators on which ABAC can rely to make recommendations to the leaders about the effectiveness of SME policies. This is the fourth survey so, with the information gathered, it is possible to start showing some tendency data.

As the global economy begins to improve, we visualize this SME policy observatory not only as a relief policy measurement, but also as a set of indicators to monitor all kinds of policies regarding SME's in the Asia- Pacific region. For this purpose, we began to expand the scope of analysis to cover the reasons for SME mortality.

Survey and survey results

To continue gathering all the information related to the study, we designed a new survey containing 3 questions asked in previous surveys with which we retrieve quantitative information regarding SME policies in each economy. In this survey, we expanded our scope by including questions that will allow us to evaluate the main reasons of SME mortality in order to analyze this phenomenon in the region.

This is the fourth survey since the start of the initiative and covered the following 6 questions:

- 1. Please name and describe any traditional SME support policies applied by your government and which entity is in charge of enforcing these policies.*
- 2. Please name and describe any new SME support policies applied by your government since the end of 2009.*
- 3. Which of these policies is temporary and what is its validity term?*
- 4. According to your records, please provide the percentage of SMEs that cease operations in the **company's first five years** of operational in your economy.*
- 5. In your perception, which of the following do you consider the 5 main reasons for SME mortality? With the following options*
- 6. Is there a known initiative from your government to reduce this situation?*

The surveys will be sent twice a year, first to gather information at the beginning of the year and then to update the information on the second half in order to compare governmental policies and their performance. This survey has updated information as of October 2010.

The four surveys have given us the feedback of the following economies in strict alphabetical order

Responses to ABAC Mexico 1st, 2nd, 3rd and 4th survey

Economy	1	2	3	4
<i>Australia</i>	■			■
<i>Brunei Darussalam</i>				■
<i>Canada</i>	■	■	■	■
<i>Chile</i>				
<i>China</i>	■			
<i>Hong Kong, China</i>	■	■	■	■
<i>Indonesia</i>				
<i>Japan</i>	■	■	■	■
<i>Korea</i>	■			
<i>Malaysia</i>		■	■	■
<i>Mexico</i>	■	■	■	■
<i>New Zealand</i>	■	■	■	■
<i>Papua New Guinea</i>				
<i>Peru</i>	■			
<i>Philippines</i>				■
<i>Russia</i>				
<i>Singapore</i>		■	■	■
<i>Chinese Taipei</i>				■
<i>Thailand</i>	■	■	■	■
<i>United States</i>	■	■	■	■
<i>Vietnam</i>				

The survey together with an investigation from regional sources of information and databases has resulted in the following indicators:

Employment Change

Employment and employment change in millions

Economy	2008	2009	Change 09-08	2010	Change 09-10
Australia	10.873	10.953	0.080	11.181	0.228
Brunei Darussalam	N/A	N/A	N/A	N/A	N/A
Canada	17.126	16.849	-0.277	17.086	0.237
Chile	6.642	6.642	0.001	7.016	0.374
China	120.344	121.989	1.646		
Hong Kong, China	3.520	3.486	-0.034	3.498	0.013
Indonesia	102.301	104.678	2.376	107.410	2.732
Japan	63.922	62.878	-1.043	62.501	-0.377
Korea	23.577	23.506	-0.072	23.741	0.235
Malaysia	10.715	11.020	0.305	11.220	0.199
Mexico	43.517	43.678	0.161	44.652	0.974
New Zealand	2.188	2.164	-0.024	2.166	0.001
Papua New Guinea	N/A	N/A	N/A	N/A	N/A
Peru	4.044	4.138	0.095	4.321	0.183
Philippines	34.089	35.061	0.973	36.285	1.224
Russia	70.965	69.305	-1.660	69.524	0.219
Singapore	2.891	2.959	0.068	3.051	0.093
Chinese Taipei	10.403	10.279	-0.124	10.451	0.173
Thailand	37.017	37.706	0.690	37.434	-0.272
United States	145.363	139.878	-5.485	138.938	-0.939
Vietnam	N/A	N/A	N/A	N/A	N/A

Source: Developed by ABAC Mexico with data from the World Economic Indicators and International Labor Organization (millions)

In terms of employment, from 2008 to 2009 we saw a downward trend as 8 economies saw their employment level diminished. This change was seen due to the economic crisis that prevailed in the region. There are some signs of recovery in most of the economies, among which Philippines and Indonesia lead the list. Only 3 economies keep showing negative changes in terms of employment: Japan, Thailand and the USA. In general terms, employment in the APEC region begins to show a clear recovery.

Employment balance vs. 2008

Employment and employment balance 2008-2010 in millions

Economy	2008	2010	Balance
Australia	10.873	11.181	0.308
Brunei Darissalam	N/A	N/A	N/A
Canada	17.126	17.086	-0.040
Chile	6.642	7.016	0.375
China	120.344		
Hong Kong, China	3.520	3.498	-0.022
Indonesia	102.301	107.410	5.109
Japón	63.922	62.501	-1.420
Korea	23.577	23.741	0.164
Malaysia	10.715	11.220	0.505
México	43.517	44.652	1.135
New Zealand	2.188	2.166	-0.023
Papua New Guinea	N/A	N/A	N/A
Peru	4.044	4.321	0.277
Philippines	34.089	36.285	2.196
Russia	70.965	69.524	-1.441
Singapur	2.891	3.051	0.161
Chinese Taipei	10.403	10.451	0.048
Tailandia	37.017	37.434	0.418
United States	145.363	138.938	-6.424
Vietnam	N/A	N/A	N/A
		Regional Balance	1.325

Source: Developed by ABAC Mexico with data from the World Economic Indicators and International Labor Organization (millions)

The employment level has clearly recovered and is now over the levels shown before the economic downturn. The employment regional balance in 2010 shows a gain of 1.3 million jobs from what the region had in 2008. The main drivers of this growth are Indonesia, Philippines and Mexico.

This table shows an interesting phenomenon since the economies with the highest economic development levels, Canada, Japan, Russia and the USA, yet maintain a negative balance.

Employment change in millions during 2010

Economy	2010 May	2010 Oct	Change 2010
<i>Australia</i>	10.942	11.181	0.239
<i>Brunei Darissalam</i>	N/A	N/A	N/A
<i>Canada</i>	17.058	17.086	0.028
<i>Chile</i>	6.753	7.016	0.263
<i>China</i>	N/A	N/A	N/A
<i>Hong Kong, China</i>	3.773	3.498	-0.275
<i>Indonesia</i>	N/A	107.410	N/A
<i>Japón</i>	62.417	62.501	0.084
<i>Korea</i>	23.792	23.741	-0.051
<i>Malaysia</i>	N/A	11.220	N/A
<i>México</i>	44.257	44.652	0.395
<i>New Zealand</i>	2.171	2.166	-0.005
<i>Papua New Guinea</i>	N/A	N/A	N/A
<i>Peru</i>	4.327	4.321	-0.006
<i>Philippines</i>	35.992	36.285	0.293
<i>Russia</i>	68.028	69.524	1.496
<i>Singapur</i>	2.612	3.051	0.439
<i>Chinese Taipei</i>	10.312	10.451	0.139
<i>Tailandia</i>	N/A	37.434	N/A
<i>United States</i>	140.537	138.938	-1.599
<i>Vietnam</i>	N/A	N/A	N/A
Employment Change During 2010			1.441

Source: Developed by ABAC Mexico with data from the World Economic Indicators and International Labor Organization (millions)

This year has been very important in terms of employment recovery. Since the last survey conducted in May, we see that 1.4 million jobs have been created in the region. A good example of recovery is Russia; although the economy still shows a negative employment balance, so far during this year, it has created 1.4 million jobs. On the other hand, some economies like the US and Hong Kong show positive numbers, thus, resulting in growing aggregate employment rates within the APEC region.

Employment deficit against population Growth

Population changes, employment balance and employment needs in the period 2008-2010 in millions

Economy	Population Change 08-10	Emplyment Balance 08-10	Employment Needs in 2010
Australia	0.504	0.308	- 0.196
Brunei Darissalam	N/A	N/A	N/A
Canada	0.805	- 0.040	- 0.845
Chile	0.440	0.375	- 0.065
China	13.394		
Hong Kong, China	0.113	- 0.022	- 0.135
Indonesia	5.982	5.109	- 0.873
Japón	- 0.221	- 1.420	- 1.199
Korea	0.303	0.164	- 0.139
Malaysia	0.936	0.505	- 0.431
México	1.944	1.135	- 0.809
New Zealand	0.093	- 0.023	- 0.116
Papua New Guinea	N/A	N/A	N/A
Peru	0.895	0.277	- 0.618
Philippines	3.556	2.196	- 1.360
Russia	- 1.633	- 1.441	0.192
Singapur	0.164	0.161	- 0.003
Chinese Taipei	0.291	0.048	- 0.243
Tailandia	1.333	0.418	- 0.915
United States	5.534	- 6.424	- 11.958
Vietnam	N/A	N/A	N/A
Regional Balance			-19.714
Regional Balance as of May 2010			-21.102
Diference gained during 2010			1.388

Source: Developed by ABAC Mexico with data from the World Economic Indicators and International Labor Organization (millions)

The indicator above shows the lag economies have with respect to their population growth. Indeed, many economies have gained jobs in 2010 but the net generation of employment in each economy has generally been smaller than the population increase. We have to constantly monitor this indicator in order to identify not only if the economies are creating jobs but, if they are creating enough jobs to fulfill their needs.

Even though between the population growth and the employment balance there is a regional need of 19 million jobs, in contrast to the previous figure from May 2010, the gap was closed by a gain of 1.3 million.

This indicator is only a yellow light since population growth does not necessarily mean there is a need for employment in the short term. Notwithstanding, the demand will be there in the future and it is necessary to get prepared for it so as to avoid deep imbalances in some of the economies.

Target concerns for Policymakers

From this survey we have identified the following focused permanent and temporary SME support policies. The ones identified are as follows:

Governmental Sourcing:

<i>Mexico</i>	Government Supply
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs

Financial support:

<i>Brunei Darussalam</i>	Micro-credit financing Scheme
<i>Hong Kong, China</i>	SME Loan Guarantee Scheme (SGS)
<i>Japan</i>	Facilitation of Fund Supply
<i>Mexico</i>	National Development Plan 2007-2012
<i>Mexico</i>	SME Fund
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs
<i>Philippines</i>	Magna Carta for Micro, Small and Medium Enterprises
<i>Singapore</i>	Local Enterprise Finance Scheme by SPRING Singapore
<i>Thailand</i>	SMEs Promotion Plan
<i>United States</i>	Loan Guarantee Program
<i>United States</i>	Fixed Asset Financing Program
<i>United States</i>	Micro-Loan Program

Employment:

<i>Malaysia</i>	Third Industrial Master Plan (IMP3)
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs
<i>Philippines</i>	The SME Development Plan 2004-2011
<i>Thailand</i>	SMEs Promotion Plan
<i>United States</i>	HUBZone

Tax scheme programs:

<i>Australia</i>	Small Business and General Business Tax Break
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs
<i>Philippines</i>	Barangay Micro Business Enterprises (BMBEs) Act of 2002
<i>Mexico</i>	Social Security Subsidy

Export Fostering:

<i>Brunei Darussalam</i>	Export Refinancing Scheme (ERS):
<i>Brunei Darussalam</i>	Buy Brunei Portal
<i>Hong Kong, China</i>	Hong Kong Trade Development Council
<i>Hong Kong, China</i>	SME Export Marketing Fund (EMF)
<i>Malaysia</i>	Third Industrial Master Plan (IMP3)
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs
<i>Singapore</i>	Export Development Program by International Enterprise Singapore
<i>Thailand</i>	SMEs Promotion Plan

Capacity Building:

<i>Australia</i>	Enterprise Connect centre's for SMEs
<i>Brunei Darussalam</i>	Enterprise Facilitation Scheme
<i>Brunei Darussalam</i>	Business Park
<i>Hong Kong, China</i>	SME Development Fund (SDF)
<i>Japan</i>	Support of Technical Development
<i>Japan</i>	Support of Business Innovation
<i>Mexico</i>	National Development Plan 2007-2012
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs
<i>Philippines</i>	The SME Development Plan 2004-2010
<i>Philippines</i>	Barangay Micro Business Enterprises (BMBEs) Act of 2003
<i>Singapore</i>	Business Leaders Initiative by SPRING Singapore
<i>Chinese Taipei</i>	Learning for SMEs – the SME Online University
<i>Chinese Taipei</i>	The SME Lifelong Learning Passport
<i>Thailand</i>	SMEs Promotion Plan
<i>United States</i>	Business Development Program

Business Support:

<i>Brunei Darussalam</i>	Technical assistance program
<i>Brunei Darussalam</i>	Local Enterprise Applications and Products (LEAP) Program
<i>Hong Kong, China</i>	Hong Kong Productivity Council
<i>Japan</i>	Building of Business Support Systems
<i>Japan</i>	Promotion of Business Start-ups and Venture Business
<i>Malaysia</i>	Corporation Malaysia (SME Corp. Malaysia)
<i>Malaysia</i>	Ninth Malaysia Plan (9MP).
<i>Mexico</i>	National Development Plan 2007-2012
<i>New Zealand</i>	New Zealand Government's overall policy for SMEs
<i>Philippines</i>	Magna Carta for Micro, Small and Medium Enterprises
<i>Singapore</i>	Market Access Program by International Enterprise Singapore
<i>Chinese Taipei</i>	Revitalizing Local Economies
<i>Chinese Taipei</i>	Information Services Portal Site
<i>Chinese Taipei</i>	Enablement Operations – the SME e-Enablement Service Teams
<i>Chinese Taipei</i>	The SME Service Network – Providing Service at the Local Level
<i>Thailand</i>	SMEs Promotion Plan
<i>United States</i>	Economic Development Program
<i>United States</i>	Disaster loan program

Focus of permanent SME support policies

Economy	<i>Australia</i>	<i>Brunei Darussalam</i>	<i>Canada</i>	<i>Chile</i>	<i>Hong Kong, China</i>	<i>Japan</i>	<i>Korea</i>	<i>Malaysia</i>	<i>Mexico</i>	<i>New Zealand</i>	<i>Papua New Guinea</i>	<i>Peru</i>	<i>Philippines</i>	<i>Singapore</i>	<i>Chinese Taipei</i>	<i>Thailand</i>	<i>United States</i>	<i>Vietnam</i>
Governmental Sourcing																		
Financial support																		
Employment																		
Tax Scheme																		
Export Fostering																		
Capacity Building																		
Business Support																		

Source: Developed by ABAC Mexico from SME Policy Observatory Survey

We can visualize in chart above the allocation by country of the focus policies for SMEs support.

Focus of temporary SME support policies

In terms of temporary support policies for SMEs, some economies have identified new areas of temporary support. Australia has developed an online mechanism for business support through the webpage as well as a telephone line. Mexico assigned budget from the National Disaster Assistance Fund to assist SMEs to overcome their needs after a natural disaster, like the ones experienced some months ago. In the same sense, Singapore is providing financial support to enhance Innovation and Productivity among SMEs.

Economy	Australia	Brunei Darussalam	Canada	Chile	Hong Kong, China	Japan	Korea	Malaysia	Mexico	New Zealand	Papua New Guinea	Peru	Philippines	Singapore	Chinese Taipei	Thailand	United States	Vietnam
Governmental Sourcing																		
Financial support																		
Employment																		
Tax Scheme																		
Export Fostering																		
Capacity Building																		
Business Support																		

Source: Developed by ABAC Mexico from SME Policy Observatory Survey

Policy focus with employment balance

Comparison between policies and employment changes in the period 2008-2010 in millions

	Governmental Sourcing	Financial support	Employment	Tax Scheme	Export Fostering	Capacity Building	Business Support	Employment Balance 2008-2010	Employment Change 2009-2010
Australia								0.308	0.228
Brunei Darussalam								N/A	N/A
Canada								-0.040	0.237
Chile								0.375	0.374
Hong Kong, China								-0.022	0.013
Indonesia								5.109	2.732
Japan								-1.420	-0.377
Korea								0.164	0.235
Malaysia								0.505	0.199
Mexico								1.135	0.974
New Zealand								-0.023	0.001
Papua New Guinea								N/A	N/A
Peru								0.277	0.183
Philippines								2.196	1.224
Russia								-1.441	0.219
Singapore								0.161	0.093
Chinese Taipei								0.048	0.173
Thailand								0.418	-0.272
United States								-6.424	-0.939
Vietnam								N/A	N/A

Source: Developed by ABAC Mexico from SME Policy Observatory Survey

Economies that have implemented policies covering most of the issues described above have been able to improve their employment levels and to reduce the number of lost jobs. Japan still shows a downward trend even though they are applying the different policies.

Philippines is showing good results with a positive employment balance (2.2 million jobs since 2008), focusing on every governmental sourcing, financial scheme, export fostering, capacity building and business support programs. The country has generated 1.2 million jobs since 2009.

It will be very interesting to get a response from ABAC Indonesia in the following survey to analyze the work done by this economy that has created 2.7 million jobs since 2009 and shows an employment balance of 5.1 million jobs since 2008.

The United States remains with an employment balance deficit of more than 6 million jobs. ABAC USA mentioned in the survey that the organization of the Small Business Jobs Act 2010 (pending to be approved by Congress) is expected to overcome this negative trend.

Chinese Taipei has focused its efforts especially in several Capacity Building and Business support policies and has showed good results and positive figures.

Perceptions

In 2010, the global recovery will remain fragile. There is a projected global GDP expansion of 4.8% for 2010 and 4.2% for 2011. Governmental support to SMEs will be a key point to obtain the rebalance of the internal demand and, if policies are also oriented towards promoting exports, the economies will certainly get stronger.

Developed economies are expected to grow 2.7% and 2.2% in 2010 and 2011 respectively. With a considerable deceleration of some economies in the second half of 2010, the perception for this year is that economies like Japan, Canada, Russia and the US will remain with negative employment balance.

In developing economies, the implementation of conservative policies, partly in response to previous crises, may significantly improve growth rates in the medium term. However, activity in these economies, especially in emerging Asia, remains dependent on the demand from developed economies.

Most of these developed economies and a few developing economies still face important adjustments. The recovery in these economies is slow, and high unemployment rates still imply significant social challenges. In contrast, many developing economies are experiencing robust growth rates again because of the financial excess just before the Great Recession.

SME Mortality Phenomenon

There is a hypothesis that poor management and a shortage of funds are the main causes for early mortality in new enterprises. Experts say that a majority of small businesses fold up after an average of 18 months due to the inability to cope with the competition. About 80 per cent of start-ups are expected to disappear after just 18 months of existence. The failure rate is not localized; even in advanced economies the mortality rate is just as high. "The track record is well known and sobering for any entrepreneur: 90 per cent of all new ventures fail as start-ups often lack vital resources, must compete against established companies, and have little or no track record with which to attract and impress customers and investors", says Prof. Mukti Khaire an assistant professor of Entrepreneurial Management at Harvard Business School.

As part this Observatory's activities, it is necessary to expand the scope and identify the main reasons for SME mortality in the APEC region in order to prove this hypothesis and analyze if the policies to support SME in these economies are well oriented to mitigate this phenomenon.

Percentage of SME that Cease to Exist

One of the main interests in this new survey was to establish a reliable indicator of the percentage of SME that do not survive the first five years of operations. To identify if this is a homogenous phenomenon in the region will be an important step for ABAC to provide with general recommendations for relief policies to diminish these numbers. The following table illustrates the responses from all of ABAC Secretariats:

Economy	SME Ceased within its first five years
Australia	32%
Brunei Darussalam	No Available Data
Canada	No Available Data
Chile	N/A
China	N/A
Hong Kong, China	N/A
Indonesia	N/A
Japan	63%
Korea	N/A
Malaysia	No Available Data
Mexico	70%
New Zealand	44%
Papua New Guinea	N/A
Peru	N/A
Philippines	30%
Russia	N/A
Singapore	No Available Data
Chinese Taipei	No Available Data
Thailand	27%
United States	49%
Vietnam	N/A

Source: Developed by ABAC Mexico from SME Policy Observatory Survey

Unfortunately, we only received 5 numerical responses to this question, which resulted into a wide variance, going from 32% in the case of Australia 27% to a 70% in the case of Mexico. More information will be collected in the following surveys to get conclusive evidence as on the weighted average of this variable in the Region.

Main SME Mortality Causes

To get qualitative information of why do SMEs close down, one question in the survey referred to the perception of the 5 main reasons of SMEs mortality in their respective economy. The responses helped us to cross reference the information with current Governmental policies and to analyze if those policies are well aimed to relief these problems in the Region.

To retrieve information of SME mortality causes, the survey included a question with specific answers choices which came from a study performed by ABAC Mexico:

INTERNAL ISSUES

Management problems, Business Planning, Production and Operational problems, Commercial Strategy, Foresight Planning, Human Resources / Capacity Building, Marketing plans, Customer service orientation,

EXTERNAL ISSUES

Market Issues, Supply chain/Logistics, Access to Technology, Access to financing, ICT access and usage, Competition,

GOVERNMENT ISSUES

Local Regulations, Tax Rates

The following table summarizes the results on the 5 main reasons for SME mortality in the region:

5 Main Causes SME Mortality	
<i>Business Planning</i>	18%
<i>Access to financing.</i>	18%
<i>Market Issues</i>	13%
<i>Management problems.</i>	11%
<i>Human Resources / Capacity Building.</i>	9%
<i>Others</i>	31%

Source: Developed by ABAC Mexico from SME Policy Observatory Survey

As we can see in the answers, there is not a predominant cause, although the main answers address internal management issues and access to finance. ABAC has recently focused on promoting ICT as one of the main drivers to strengthen SMEs operations, but even though we consider ICT to be very important for SME development, this survey shows that the Economies should focus their effort to enhance Business planning and Managing capabilities among SMEs, as well as to provide the financial resources to perform their activities.

Causes SME Mortality	
<i>Internal Issues</i>	49%
<i>External Issues</i>	42%
<i>Government and Others</i>	9%

Source: Developed by ABAC Mexico from SME Policy Observatory Survey

In the second table, we summarize the main mortality reasons divided into internal issues such as Management problems, Business Planning, Production and Operational problems, Commercial Strategy, Foresight Planning, Human Resources / Capacity Building, Marketing plans, and external issues.

Once the survey provides with more definite data, we shall be able to focus our analysis and make recommendations for the development of public policies related to the need of financing and business planning within SMEs.

Perceptions

By expanding the scope of this observatory, we are exploring new areas in which ABAC can present recommendations for APEC leaders. This new SME mortality indicator will let us analyze the regional phenomenon based on real information and the perceptions from the different economies in the Region. It is necessary to broaden the information sources to obtain more quantitative data concerning mortality rates, as well as to gather details as on why SMEs close down.

From this first exercise, we can conclude that economies should develop plans that foster: (i) capacity building, (ii) proactive business management and (iii) access to financing in order to diminish SME mortality rates in the near future.

Recommendations

There are two perspectives to mitigate the SMEs mortality problem and to favor SME growth.

1. To design and implement government support policies
2. The private sector should organize projects oriented towards enhancing the development of SMEs, by incorporating them as suppliers or customers along the value chain. SMEs should strive for growth through the establishment of partnerships with the large corporations.

In terms of the financial and business support relationships among institutions could easily bring along access to financing, technology and marketing tools. For example, as seen in Mexico:

- Banks could work together with a telephone company to easily provide financing to SMEs by analyzing their telephone bill as a credit history and using the telephone bill payment methods.
- Alliances between ICT companies to provide technology solutions for SMEs, (i.e. broadband and training), with ease to financing to obtain the hardware and software needed. This would increase ICT penetration among companies in the region.
- With the new technologies available, marketing and advertising companies could now offer SMEs packages for online and printed material at accessible prices, thus, allowing the companies to promote their products and services in domestic and international markets.
- Finally, Governments should call for programs that promote the incorporation of SMEs along the value chain of large corporations. These driving companies facilitate the creation of jobs either directly or through the outsourcing of services.

Next Steps

ABAC Mexico will continue issuing two surveys each year to gather information from the different economies, which we shall analyze together with the data published by the ILO and the IMF.

It is of great importance to define a formal mechanism to gather updated information for every survey from each economy. The guidelines will include the contact information, as well as the entity responsible for sending the information requested on time. This procedure aims towards developing accurate indicators upon which ABAC can make recommendations to APEC leaders.

To continue studying SME mortality reasons in following documents, the CBAPWG members have a consensus on the proposed mortality causes and their respective

groupings (Internal Issues, External Issues and Government Issues) so as to design indicators of common understanding.

The incursion of a new indicator, the SME mortality, into the Policy Observatory has shown good results. The growth of this initiative depends upon the capacity to provide strong and real indicators. We encourage all CBAPWG members to propose new ideas on indicators to add to the following surveys so as to expand the work even more.

Finally, as part of the efforts made by this Observatory, we propose that the information gathered can be uploaded to an online platform to facilitate the access to all members. We shall periodically update the indicators and documents on the ABAC Online SMEs Policy Observatory. With the feedback from this Working Group we should detail a proposal to start up this project and will be presented next year in the 1st or 2nd ABAC meeting.