



**Asia-Pacific
Economic Cooperation**

2016/ISOM/SYM/015
Session IV

Challenges and Opportunities for MSMEs in APEC: from Viet Nam's Perspective

Submitted by: ABAC Viet Nam



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CHALLENGES & OPPORTUNITIES FOR MSMEs IN APEC FROM VIETNAM PERSPECTIVES

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ABAC CO CHAIR 2016

MSME & VIETNAM ECONOMY

- Like other APEC economies, MSMEs play an important role in Vietnam economy
- 98% Vietnamese enterprises are MSME ~500.000 enterprises
 - Medium Enterprises: 2,2%
 - Small Enterprises: 29,6%
 - Micro-small Enterprises: 68,2%
- MSME & Economy
 - 51% Labor force
 - >40% GDP
 - 1 million new jobs each year

6 TRENDS AFFECTING SMMEs

- The world is getting flatter → business decisions are made faster
- Advanced technologies (Information technology, technology in energy, automation, 3D , biotechnology, green technology, marketing and management technology) are being personalized and systematized
- The Digital World and Global Value Chain has bigger and bigger influence on daily business. The market is enormous once business knows how to connect to and acquire an acceptable position in the GVC.

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6 TRENDS AFFECTING SMMEs

- World monetary and financial resources are very diversified. However, only 30% enterprises can access to bank credits. → Enterprises should look for new sources of funding.
- New consumer standards are applied: smart, green, clean, innovative, inspiring, creative, user-friendly.
- Risk management -> risk insurance (natural disaster, exchange rates, price /policy changes etc)

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CHALLENGES FOR VIETNAM MSME IN APEC

- MORE PRESSURE FROM MARKET OPENNING, FIERCER COMPETITION FROM FOREIGN COMPANIES
- STRICTER REQUIREMENTS ON TRANSPARENCY
- REDUCING STATE'S PROTECTION → FORCING LOCAL ENTERPRISES TO ENHANCE THEIR COMPETITIVENESS
- BIG GAP IN COMPETITIVENESS AND CAPACITY BETWEEN LOCAL & FOREIGN COMPANIES → LACK OF CAPITAL, TECHNOLOGY, MANAGEMENT SKILL, MARKET ACCESS INFORMATION, PREPAREDNESS → NUMBER OF BANKRUPT COMPANIES -> HIGHER UNEMPLOYMENT RATE

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VIETNAM SUPPORTS TO MSMES AS ABAC CHAIR 2007

- Reflecting in 1 of the 4 priorities
- Reflecting in the Working Group

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ABAC 2017 Theme: “Creating New Dynamism, Fostering Shared Future”

Deepening regional economic integration

- Full completion of Bogor Goals on trade and investment liberalization
- Strengthening the connectivity
- Developing value chains, connecting supply chains
- Enforcing service and investment cooperation
- Enhancing the role of APEC as catalyst in promoting regional economic links

Achieving sustainable, innovative and inclusive growth

- Structural reforms
- Innovation
- Human Development in the Digital Era
- Building an inclusive, sustainable community

Enhancing MSMEs’ competitiveness and encouraging innovation in the digital era

- Creating favorable business environment
- Corporate Governance
- Strengthening public private partnership in capital funding for businesses
- Encouraging the entrepreneurship

Ensuring food security and promoting sustainable and climate smart agriculture

- Promoting APEC partnership in climate smart food security
- Sustainable management of natural resources
- Developing sustainable rural areas
- Trade facilitation for agro-fishery

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MSME & Entrepreneurship Working Group (MSMEEWG)

Enhancing MSME competitiveness and promoting their internationalization

Creating a favourable business environment that stimulates innovation, fosters entrepreneurship and promotes good corporate governance

Facilitating MSME access to international markets and global value chains

Promoting human development in the digital era

Strengthening the participation of women in the economy

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THANK YOU
FOR YOUR ATTENTION

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