

Prepared For

# B20 2015 SMEs Task Force Policy Recommendations

Based upon the voice of the real economy participants on the ground level

9 July 2015



# RECOMMENDATIONS FOR 2015 B20 SME & ENTREPRENEURS TASK FORCE

## Premise

As a foundation for developing our recommendations for the 2015 B20 SME & Entrepreneur Task Force, our comments are based upon the following:

- **Analyzing proposals from previous G20 Summits** - The Russia, Australia and Turkey B20 Task Forces are to be applauded, as many of their recommendations will facilitate the growth of SMEs.
- **Understanding Task force interdependencies** - While the B20 Task Forces have developed independent objectives, due to the global economy interdependency, it is evident their proposals overlap thus requiring a highly integrated approach for their implementation.
- **Listening to the voice of the real economy participants at the ground level** - The G20 Nations Case Study results to date covering 37% of the G20 population have yielded that 90% want new digital tools to reduce their operational costs and achieve greater access to markets and financing.

Given the urgency to meet the needs of the SMEs, out of the box thinking is required to kick-start the global economy.

A reality check yields that market expansion is required and this demands a focus on the real economy of manufacturing, agriculture and the services industry. SMEs will play an integral role in this market expansion through the use of a digital ecosystem, provided at no cost, that permits global integration of product and service offerings intelligently matching sellers to targeted buyers.

Whilst current and past thinking leads us to a particular focus we would recommend a more holistic approach which encompasses the needs of participants on the ground and the interdependencies of all task forces. The digital economy is the means to facilitate such an outcome.

## Past & Current

### TURKEY

- Improve access to international markets
- Improve access to financing
- Improve access to skills and talent
- Improve access to digital and innovation ecosystems
- Ensure regulations take into account SME interests

### AUSTRALIA

No Task Force at the Australian B20

### RUSSIA

No Task Force at the Russian B20

## Reality Check

### ***Why isn't the real economy the driving theme in the global arena and how do the B2O recommendations address this?***

Lack of demand is forcing the emphasis on financial engineering for fast wealth creation. However, this comes at the cost of growing the real economy that drives sustainable economic growth.

### ***How do the B2O recommendations address poor market demand?***

The world's demographics are changing. In high income countries the population is aging yet salaries remain high. This is a productive community challenged with low market demand. In mid and low income countries, birth rates are high, the population is growing, but salaries are low.

### ***How can we reduce the SMEs high cost of operational efficiency?***

The cost to improve operation efficiency and quality hinders growth. This impacts the SMEs competitiveness and ability to increase revenues based on market demand.

### ***How can SMEs gain greater access to markets, sustainable financing and simplify their compliance with financial regulations?***

The lack of integration between the financial institutions & the global value chain participants increases frictional costs, risk and the costs of compliance for SMEs & Financial Institutions.

### ***How can SMEs reduce excess landed import and export costs as well as improve logistics reliability in order to compete in the global marketplace?***

Developing and emerging economies have landed import and export costs that are nearly twice as high as the developed country average. Coupled with unreliable logistics, this results in lost market opportunity and places a major burden on SME competitiveness in the global market place.

## Recommendation

***The Real Economy must be the driving theme to deliver sustained economic growth.***

Our efforts must be concentrated on the following three main economic pillars of the real economy; manufacturing, agriculture & the services industries that support them.

***Sustaining global market demand is essential to build SME prosperity.***

We must connect the youthful workforce of the mid and low income countries with the expertise of the high income countries thus building the buying power of the mid and low income countries creating an unprecedented new global market demand that could result in more than 100 million new jobs, predominantly SMEs.

***New digital tools to lower costs through increased operational efficiency.***

We must ensure that SMEs can achieve increased operational efficiency through the use of digital tools, delivered by a trusted network offsetting geopolitical and monopolistic concerns, with continuous and unrestricted access at no cost to the end user.

***We must create a digital ecosystem connecting all GVC participants.***

This will build greater access for SMEs to markets and finance providers while reducing finance risk and the burden of complying with financial regulations.

***We must promote the use of digital tools to enhance trade efficiency across the global value chain resulting in lower landed import and export costs and improved logistics reliability.***

The World Bank, APEC and UN have identified 6 elements as the key to increase trade efficiency through technology thus lowering trade costs: Integration, Processes, E-documentation, Tracking & Visibility, Competence and Cargo Security.

*NB: The boxes in lighter shade illustrates the wider scope of our recommendations*

# 2015 B20 TASK FORCES INTERDEPENDENCIES TOWARDS ACHIEVING SUSTAINED ECONOMIC GROWTH

