

**BSEC – KAF – KOSGEB - UN/ECE - BC-SMEs**

**WORKSHOP ON**

**PRINCIPAL LEGISLATIVE AND**

**INSTITUTIONAL SUPPORT MEASURES FOR SMEs**

**Istanbul, 25-26 March 1998**

**Summary Proceedings**

1. The Workshop titled “Principal Legislative and Institutional Support Measures for SMEs” was held in Istanbul on 25-26 March 1998. It was organized by the BSEC-KAF-KOSGEB in cooperation with the Balkan Center for Cooperation among SMEs (BC-SMEs) and UN/ECE.

2. Prof. Dr. Aziz AKGÜL, President of KOSGEB (Small and Medium Industry Development Organization) made the opening statement followed by Dr. Wulf SCHÖNBOHM, Representative of the Konrad Adenauer Foundation (KAF) to Turkey, Mr. Atilla SÖĞÜT, Marketing Manager of KOSGEB, Mr. Arifhan YARKIN, Expert from the Undersecretariat of Foreign Trade of Turkey, Mr. Stefan SCHLARP from Turkish-German Chamber of Commerce and Industry, Mr. Tuncay MELEKTOSUN from Foreign Economic Relations Board (DEIK), Mr. Ahmet ŞENKAL from Istanbul Chamber of Commerce (ITO) and Mr. Bekir Tolga ARICAN, Expert from the Ministry of Industry and Trade of Turkey.

3. Representing the PERMIS of the BSEC, Ambassador Nurver NUREŞ, First Deputy Secretary General of the Permanent International Secretariat delivered his statement the text of which is attached as Annex I.

Mr. Antal SZABO, Regional Adviser of the UN/ECE, as the guest speaker attended and addressed the Workshop.

4. The Workshop was co-chaired in rotation by Messrs. NUREŞ, SCHÖNBOHM, SÖĞÜT and SZABO.

5. The Workshop was attended by the representatives of the following BSEC Participating States:

Republic of Albania  
Republic of Armenia  
Republic of Azerbaijan  
Georgia  
Hellenic Republic  
Romania  
Russian Federation  
Republic of Turkey  
Ukraine

6. Representatives from the BSEC Business Council and the Arab Republic of Egypt also attended the Workshop as observers.

The list of participants, including the guest speaker is attached as Annex II, together with their business cards.

7. The Program of the Workshop is attached as Annex III.

8. Mr. NUREŞ, as one of the Chairpersons, stated that the preceding Workshop in Kyiv on “SMEs-Their Role in Foreign Trade” demonstrated in general the weak and fragile state of those enterprises in the economies in transition which induced the participants to arrange a follow-up Workshop that would focus on SMEs in those economies. Hence this Workshop is arranged aiming to determine the principal legislative and institutional support measures for SMEs in order to enhance their role and participation in development and progress.

9. In the light of the statements made in the opening session and as a result of the discussions ensued including national reports presented in line with the theme of the Workshop, a heap of pressing issues surfaced centering primarily on shortcomings in infrastructure for SME-friendly landscape, inadequate commitment to the development of SMEs and a general lack of capital directed to financing of such enterprises. It was therefore jointly observed that given the enduring nature of SMEs in all the economies, the subject had already become a priority question and needed to be addressed in a well-integrated and comprehensive strategy which could be launched on three distinctive levels:

a) At the strategic level, the Governments are expected to undertake and implement the necessary legislative network. SMEs are expected to gain from this moral support, country-wide political and social recognition which will facilitate their growth and contribution.

In essence this will require a national SME policy with full commitment on the part of the public and private sectors and a lasting progressive interaction between the two.

Legislation is required in general and also attending various priority aspects of SMEs. Namely:

- (i) Basic law on state support for SMEs which would serve as a standing reference in dealing with such enterprises;
- (ii) Legislation on the legal character of enterprises responding to their current requirements and promoting their progress into the future;
- (iii) Definition on SMEs taking into consideration criteria of number of employees, yearly turnover and/or balance sheet which will help decision-makers to handle issues appropriately originating therefrom;
- (iv) Legislation concerning the overall economic environment where SMEs operate, such as:
  - registration of companies;
  - entry and exit (bankruptcy law);
  - contracting (dispute resolution);
  - domestic and international trade;
  - competition (anti-trust);
  - labor, including unemployment regulation;
  - simplified accounting and book-keeping;
  - taxation;
  - product and service liability;
  - consumer protection;
  - representative of interests of SMEs;
  - company status (particularly the role of the manager).

A national SME Program will have to be formulated in line with the basic law on state support for SMEs to secure principally technical assistance in order to develop human resources for vocational requirements and to provide financial assistance with a view to regulating interaction between SMEs and banking/financial institutions.

b) At the structural level, both public and private sectors will have responsibilities while maintaining a durable dialogue between them as policy makers and entrepreneurs, respectively. The entrepreneurs should be actively involved in the preparation of and influence the contents of national SME policies, strategies and programs developed in their interest.

Support institutions have to be created in the fields of :

- (i) business information and advisory service centers with networking to facilitate access to them;
- (ii) business incubator mechanisms, industrial zones, free zones and border trade for start up and promising entrepreneurs;
- (iii) service centers providing technical assistance in product design, test, quality, environment protection, packaging, R&D, technology and innovation;
- (iv) financial service schemes (providing credit guarantee loan, assurance, banking);
- (v) creation and/or restructuring chambers of commerce and industry, chambers of handicrafts, associations/unions/institutes for SMEs representing the interests of both entrepreneurs and consumers.

c) At the enterprise level, SMEs will be the players in the arena of business. Since they will largely determine the flow of economics, this will entail innovative management, determined approach, active participation and involvement of entrepreneurs and the SME-related units which the entrepreneurs have erected. In this frame:

- (i) manager training programs, including also entrepreneurial skills;
- (ii) vocational training programs,

will have to be developed and executed.

10. There was a general satisfaction for the elaborate oral presentations made by the participants on the state of affairs related to SMEs and their legislation and institutional structures which were accompanied by written reports as well. This was the first time a SME Workshop witnessed such detailed reports which was a welcomed development and indicative of the growing interests of the member states in SMEs and their role in national economies.

11. Exchange of national reports as described above was found useful and the participants decided to undertake similar exercise in the coming SME initiatives by way of open discussions where developments in the SME sector will be updated by the respective delegations.

12. The PERMIS invited the participating delegations to provide particulars of addresses of the national focal points which deal with SMEs. The Secretariat together with the KAF envisages to collect these addresses and publish them in a booklet for

reference which would be distributed to the member states and other interested circles with a view to providing a basis of interaction directly between the concerned focal points. UN/ECE has already provided information on the said addresses concerning Albania, Bulgaria, Greece, Moldova, Romania and Turkey. The other member states were requested to provide the same. PERMIS and UN/ECE agreed to collaborate in this project and will spend joint efforts to complete collection of these addresses for publication soon.

13. The first News Letter which appeared recently on SMEs in the Black Sea and Balkan Region was welcomed in general. It was observed that both the format and its content could be improved. The next issue is expected to come out with such improvements in order to make it more informative and attractive for potential readers.

14. Lack of continuity in the attendance of SME events in the BSEC process was observed as a problem and the participating delegations shared the concern which was brought to their attention by the PERMIS. Hope was expressed that this situation would soon be redressed with the coming of two more SME Workshops this year and by establishing continuity a more effective and fruitful participation will be ensured.

15. Due note was taken by all the delegations that the next event in this field titled "SMEs-Entrepreneurship" will take place in Romania on 6-9 May 1998.

16. The participating delegations thanked the organizers for the excellent arrangements made in convening the Workshop.

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