

Paper for LegCo Panel on Commerce and Industry

Small and Medium Enterprises Committee Report

In his Policy Address of October 2000, the Chief Executive (CE) reaffirmed the importance of small and medium enterprises (SMEs) and the Government's commitment to supporting the development of SMEs. He asked the Small and Medium Enterprises Committee (SMEC) to explore possible new measures under the themes of "helping to start a new business", "helping to build a new business" and "helping to expand a business", and to report to him with practical recommendations.

2. In addition, the Financial Secretary announced in his 2001-02 Budget Speech delivered on 7 March this year that he would set aside \$300 million for the establishment of a training fund to subsidise SMEs' staff training initiatives. He invited the Committee to advise on the operational details of the fund.

3. The SMEC subsequently examined and discussed the related issues in detail, and consulted widely among different sectors of the community, in particular, SME associations. It has also taken into account the views expressed by Honourable Members of the Legislative Council both at the meeting of Panel on Commerce and Industry on 12 March and the Motion Debate on 14 March this year. The Committee has now completed its deliberations, and its report on proposed SME support measures was submitted to the CE on 27 June.

4. In brief, the Committee recognizes that our SMEs are facing three major developments, namely, globalization, the Mainland's accession to the WTO, and the emergence of a knowledge-based economy. It considers that, for SMEs to grasp the opportunities and tackle the difficulties arising from these major developments, they would need greater support in the six areas of business environment, financing, corporate governance and culture, human resources, technology applications and market expansion. The Committee has proposed a series of new supporting measures for each, the details of which have been set out in its report.

5. We take pleasure in presenting the SMEC's report to the LegCo Panel on Commerce and Industry for reference. Officials from the Commerce and Industry Bureau, the Trade and Industry Department, as well as the SMEC Chairman and representatives will attend the Panel meeting on 9 July to introduce the report and listen to Members' views on the proposed measures.

Commerce and Industry Bureau

27 June 2001