

## CHAPTER 19

### SMALL AND MEDIUM-SIZED ENTERPRISES

#### Article 19.1: General Provisions

1. The Parties acknowledge the importance of promoting an environment that facilitates and supports the development, growth and competitiveness of SMEs, recognising their participation in domestic markets as well as in international trade, and their contribution in achieving inclusive economic growth, sustainable development and enhanced productivity.
2. The Parties, recognising the important role of SMEs in their respective economies, shall cooperate in reducing barriers to, and promoting SMEs' integration into international trade to support the growth of the Parties' respective economies and job creation.
3. The Parties also acknowledge that improving SMEs' competitiveness may further enhance their ability to benefit from trade and investment opportunities that arise under this Agreement, and that such competitiveness may benefit from:
  - (a) a regulatory environment which does not impose undue burdens on SMEs and is conducive to entrepreneurship, innovation and growth;
  - (b) education and human resource management policies that foster an innovative and entrepreneurial culture, encourage mobility of human resources, and reduce skill disparities by improving the match between education and labour market demand;
  - (c) effective access to financial services, particularly to seed, working and development capital, including innovative financial instruments to reduce the risks and transaction costs of lending to SMEs;
  - (d) an environment that supports the development and diffusion of new technologies for and by SMEs to take advantage of the knowledge-based economy; and
  - (e) ensuring the cost-effectiveness of policies concerning SMEs and their consistency with other national policies, as well as with existing international programmes.
4. The Parties also recognise the importance of innovation for SMEs' competitiveness, the central role played by SMEs in national innovation systems, and the importance of enhanced access to information, financing and networking in facilitating the innovation process.
5. The Parties recognise the importance of current initiatives, efforts and work on SMEs developed under the aegis of the OECD, WTO, APEC and any other relevant fora, and the importance of taking into account their findings and recommendations, as appropriate.

## **Article 19.2: Information Sharing**

1. Each Party shall establish or maintain its own publicly accessible website containing information regarding this Agreement, including:

- (a) the text of this Agreement, including all Annexes, tariff schedules and product specific rules of origin;
- (b) a summary of this Agreement; and
- (c) information designed for SMEs that contains:
  - (i) a description of the provisions in this Agreement that the Party considers to be relevant to SMEs; and
  - (ii) any additional information that the Party considers useful for SMEs interested in benefitting from the opportunities provided by this Agreement.

2. Each Party shall include in its website provided for in paragraph 1 links to:

- (a) the equivalent website of the other Party; and
- (b) the websites of its own government agencies and other appropriate entities that provide information the Party considers useful to any person interested in trading, investing or doing business in that Party's territory.

3. Subject to each Party's laws and regulations, the information described in paragraph 2(b) may include:

- (a) customs regulations and procedures;
- (b) regulations and procedures concerning intellectual property rights;
- (c) technical regulations, standards, conformity assessment procedures, and sanitary and phytosanitary measures relating to importation and exportation;
- (d) foreign investment regulations;
- (e) government procurement regulations and procedures;
- (f) business registration procedures;
- (g) trade promotion programmes;
- (h) competitiveness programmes;

- (i) SME financing programmes;
- (j) information related to the temporary entry of business persons;
- (k) employment regulations; and
- (l) taxation information.

4. Each Party shall regularly review the information and links on its website referred to in paragraphs 1 and 2 to ensure that the information and links are up-to-date and accurate.

### **Article 19.3: Cooperation activities**

1. The Parties recognise the importance of cooperation activities between the Parties to support the objectives of this Chapter. The Parties also recognise the importance of involving the private sector in the development of such activities.

2. Cooperation activities may include:

- (a) assessing the effects of globalisation on SMEs and, in particular, examining issues related to SMEs' access to financing and to support for innovation;
- (b) working towards promoting a favourable environment for the development of SMEs by encouraging relevant private and governmental agencies to build on the capacities of SMEs;
- (c) promoting the participation of SMEs in electronic commerce in order to take advantage of the opportunities resulting from this Agreement and facilitating SMEs' access to new markets;
- (d) promoting the establishment of international networks between incubators, accelerators and export assistance centres for SME exporters of the Parties;
- (e) promoting trade promotion networks, business fora, business cooperation instruments, and any other relevant information for SME exporters and importers;
- (f) encouraging the development of venture capital markets for start-ups and high-growth businesses, including the establishment of regional seed capital funds or any other equivalent financial support scheme;
- (g) promoting seminars, workshops or other activities to inform SMEs of the benefits available to them under this Agreement;

- (h) exploring opportunities for capacity building to assist the Parties in developing and enhancing SMEs export counselling, assistance and training programmes;
- (i) facilitating the exchange of information on entrepreneurship education programmes, including for women, and youth; and
- (j) exploring opportunities for the development of joint programmes to assist SMEs to participate and integrate effectively into the global supply chain, including if possible, the development of business clusters and linkages between SMEs and larger enterprises of the Parties.

#### **Article 19.4: Contact Points**

1. Each Party shall designate and notify the other Party its contact point in matters arising under this Chapter 60 days after the entry into force of this Agreement. Each Party shall promptly notify the other Party of any change to its contact point.
2. If appropriate, the contact points shall facilitate the coordination of meetings between government representatives of each Party to address any matter covered by this Chapter.

#### **Article 19.5: Administration of this Chapter**

1. Matters relating to administration of this Chapter shall be considered by the Parties through the Other Issues Committee established under Article 22.5(c) (Establishment of Cross-Cutting Committees).
2. The Other Issues Committee shall have the following additional functions under this Chapter:
  - (a) discussing with a view to identifying ways to assist SMEs of the Parties to take advantage of the commercial opportunities under this Agreement;
  - (b) exchanging and discussing each Party's experiences and best practices in supporting and assisting SME exporters with respect to, among other things, training programmes, trade education, trade finance, trade missions, trade facilitation, electronic commerce, identifying commercial partners between the Parties and establishing good business credentials;
  - (c) recommending additional information that a Party may include on the website referred to in Article 19.2;
  - (d) encouraging Cross-Cutting Committees established under this Agreement to consider SME-related considerations and activities in their work;

- (e) exchanging information to assist in monitoring the implementation of this Agreement as it relates to SMEs;
- (f) collaborating, as agreed, with appropriate experts and international donor organisations in carrying out their programmes and activities; and
- (g) considering any other matter pertaining to SMEs as the Parties may decide, including any issues raised by SMEs regarding their ability to benefit from this Agreement.

#### **Article 19.6: Relation with other Chapters**

The Parties acknowledge that in addition to the provisions established in this Chapter, there are other provisions in this Agreement that may contribute to further enhance the participation of SMEs in trade and investment opportunities derived from this Agreement.

#### **Article 19.7: Non-Application of Dispute Settlement**

A Party shall not have recourse to dispute settlement under Chapter 23 (Dispute Settlement) for any matter arising under this Chapter.