

Istanbul, 13 January 2005

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**REPORT OF THE
MEETING OF THE
BSEC WORKING GROUP ON SMEs**

Istanbul, BSEC Headquarters, 12-13 January 2005

1. The Third Meeting of the BSEC Working Group on SMEs was held at the BSEC Headquarters in Istanbul on 12-13 January 2005 under the Hellenic Chairmanship-in-Office.
2. The Meeting was attended by the following BSEC Member States:
 - Republic of Armenia
 - Republic of Azerbaijan
 - Republic of Bulgaria
 - Georgia
 - Hellenic Republic
 - Romania
 - Russian Federation
 - Republic of Turkey
 - Ukraine
3. The Meeting also was attended by the representatives of the State of Israel and the Republic of Poland as Observers.
4. The representatives of the Parliamentary Assembly of the Organization of BSEC (PABSEC) and the BSEC Business Council also participated in the Meeting.
5. The representative of the Konrad Adenauer Foundation (KAF) also participated in the Meeting as a Guest.

The list of participants of the Meeting is attached as Annex I.

6. Ambassador George COSTOULAS, Head of B3 Directorate for Regional Economic Affairs, Ministry of Foreign Affairs of the Hellenic Republic; Ambassador Tedo JAPARIDZE, Secretary General of BSEC PERMIS; Ambassador Tugay ULUÇEVİK, First Deputy Secretary General of BSEC PERMIS; and Nickolas KAKOURIS, Chairman of the Board of Directors, Hellenic Organization of Small and Medium Sized Enterprises and Handicraft S.A. (EOMMEX) delivered inaugural statements. The texts of the statements of Ambassador COSTOULAS, Ambassador ULUÇEVİK and Mr. KAKOURIS are attached as Annex II.

7. The Meeting was chaired by Mr. Nickolas KAKOURIS, Chairman of the Board of Directors of EOMMEX.

8. The draft agenda of the Meeting was discussed and adopted. The agenda, as adopted by the Working Group, is attached as Annex III.

PRESENTATION BY THE COUNTRY COORDINATOR OF THE PROPOSED ACTION PLAN

9. The WG welcomed the proposal of the BSEC Chairman-in-Office and Country Coordinator of the WG – the Hellenic Republic – to establish the practice of organizing BSEC annual sectoral conventions in order to bring together the business communities of the BSEC Member States.

10. Taking into account the growing business interest in plastic materials and technology, the participating delegations agreed that EOMMEX will consider the possibility to organize the first annual event in Athens on 20-21 March 2005 in the framework of the 6th International Exhibition of Plastics, Machines and Recycling (PLASTICA 2005). The goal of the Convention is to encourage business cooperation and facilitate know-how transfer.

11. EOMMEX will send official invitations through PERMIS within one week. EOMMEX will cover all expenses relating to participation in the convention for one person from the state agencies supporting SMEs in each Member State. In order to promote the success of the afore-mentioned event the participating delegations committed to encourage the widest possible participation of business representation, with the understanding at least five business people from each Member State to participate self-financed.

PRESENTATION OF THE STRUCTURE, INSTITUTIONAL FRAMEWORK AND ACTIONS OF THE HELLENIC ORGANIZATION OF SMALL AND MEDIUM SIZED ENTERPRISES & HANDICRAFT (EOMMEX)

12. The WG welcomed the presentation made by Mr. Nickolas KAKOURIS, Representative of the BSEC Chairman-in-Office and Country Coordinator of the WG - the

Hellenic Republic - on the structure, institutional framework and actions of EOMMEX. Particular emphasis was given to the different programs the Organization has initiated and their progress so far. In this respect the participants exchanged views with regard to closer cooperation between EOMMEX and its “brother” organization in each respective Member State.

PRESENTATION OF THE PROJECT DEVELOPMENT FUND

13. The WG took note of the presentation made by Mr. Lucas KATSIKARIS, Project Coordinator of BSEC PERMIS. The delegations expressed their opinions regarding opportunities to use the Project Development Fund in implementing the projects.

DISCUSSION ON COOPERATION AREAS AND FINALIZATION OF JOINT PROJECTS

14. The Delegation of the Republic of Turkey presented the draft project proposal “BSECNET” (Black Sea Economic Cooperation Network). The aim of the project was basically to improve economical and cultural relations among BSEC countries. The draft project proposal of the Republic of Turkey is attached as Annex IV.

15. Member States were invited to contribute to this project, starting with the identification of country contact points.

In this connection, the BSEC Business Council proposed to consolidate all new elements into the existing structures, namely the Business Council portal www.bsec-business.org and the Black Sea Business Information Network www.bsbin.com.

16. The Working Group approved the project entitled “Identification of barriers to trade that small- and medium enterprises of BSEC member countries face in intra-BSEC trade, as well as proposals for country-specific policy recommendations for the elimination of these barriers”. The WG submitted it to the Committee of Senior Officials for endorsement, on the condition that the authorized representatives of the project partners forward to the PERMIS within one month signed and stamped copies of the “Standard Application for Funding a BSEC Project”, attached as Annex V.

EXCHANGE OF INFORMATION REGARDING THE BEST EXAMPLES OF SUPPORT GIVEN TO SMES IN BSEC MEMBER STATES AND OBSERVERS

17. The WG welcomed the presentation made by Mr. Moshe KANFI, Representative of the State of Israel regarding a successful initiative launched by MASHAV- State Agency for SME Support. In addition, Mr. KANFI expressed the readiness of the State of Israel to hold a seminar for BSEC Member States officials in the SME sector in May 2005. The WG encouraged the Member States to inform BSEC PERMIS about their readiness to participate in such a seminar.

18. The Representative of the Republic of Poland, has kindly provided to the WG the materials regarding the current situation on SMEs in Poland.

ANY OTHER BUSINESS

19. The First Deputy Secretary General of BSEC PERMIS drew the attention of the participants of the WG to the Terms of Reference of the WG on SMEs adopted at the Eighth Meeting of the BSEC Council of Ministers of Foreign Affairs held in Yerevan on 18 April 2003 which requires the WG on SMEs be composed of representatives of (i) the government officials from the BSEC Member States in charge of development and national SME policies and supportive programs; (ii) the national SME support organizations and institutions; (iii) the Chambers of Commerce and Industry; and (iv) the business associations representing interests of SMEs.

Reference was also made to the “Terms of Reference for the Institution of Country Coordinator” adopted at the Sixth Meeting of the BSEC Council of Ministers of Foreign Affairs held in Kyiv on 25 April 2002 which, inter alia, required that Country Coordinators present a two-year Plan of Action in their respective spheres of cooperation and convene at least one meeting of the Working Group annually for which they are responsible for respectively.

20. The WG took note of the presentations made by representatives of the Republic of Azerbaijan, Romania (attached as Annex VI) and Ukraine with regard to the current situation of SMEs and the support given to SMEs.

21. The Delegation of the Russian Federation informed about the Russian Government’s efforts to support the SMEs activities in the country. It was stressed that 843 thousand SMEs function in Russia with 11.9 million employees, that is 16,7% of the economically active population of the country. Federal Program for state support of the SMEs (2003-2005) was adopted by the Russian Government and currently implemented.

22. The Delegation of the Republic of Azerbaijan submitted a description of the situation concerning the development of entrepreneurship and presented four projects which related to establishment of an industrial city, KOSNET Network, Export Promotion Foundation and enlargement of business-educational centers.

23. The Secretary General of the BSEC Business Council invited the WG to participate in the Business Forum that is being organized by the Hellenic Chairmanship. It will take place in Thessaloniki on 24 – 25 February 2005 and will include many prominent speakers from business as well as international organizations.

24. The WG established that banking support to SMEs in the region is still not at the desired level. It agreed to attract attention of the BSTDB Board of Directors to this issue.

25. The WG approved a proposal to publish a book on the situation of SMEs in the BSEC Member States and requested PERMIS to discuss with the Representation in Turkey of KAF the possibility of financial support.

DATE AND VENUE OF THE NEXT MEETING

26. The WG decided that the date and venue of its next Meeting would be communicated by the PERMIS to the Member States at a later stage.

ADOPTION OF THE REPORT OF THE MEETING

27. The Working Group adopted the present report for submission to the Committee of Senior Officials (Istanbul, 15-16 March 2005).