



Chapter VII

**Formulating Policy on
E-Commerce and Trade
for SMEs in the Asia
Pacific Region:
An APEC Study**

John Breen, Victoria University, Australia

Suzanne Bergin-Seers, Victoria University, Australia

Stephen Burgess, Victoria University, Australia

Gordon Campbell, Victoria University, Australia

Muhammad Mahmood, Victoria University, Australia

Robert Sims, Victoria University, Australia

ABSTRACT

This chapter examines the role that the Asia Pacific Economic Cooperation (APEC) has played in setting government policy to encourage increased trade by SMEs. A study of six “successful” micro and small businesses in APEC economies that was commissioned by APEC examines their attitudes towards trade and e-commerce. The case studies show that e-commerce can be a facilitator to trade for businesses with a propensity towards

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entrepreneurship and good management practices. To other businesses it may be seen as an inhibitor due to the lack of knowledge associated with its use and its benefits. The chapter shows how APEC used this study and some of its other initiatives to develop its IT and e-commerce policy for SMEs as part of its overall policy for SME development in the region.

INTRODUCTION

This chapter will examine the use of information technology in small business and the role that the Asia Pacific Economic Co-operation (APEC) has played in the setting of government policy to encourage increased trade by small and medium enterprises (SMEs). In particular, a study of six micro and small businesses in APEC economies that was commissioned by APEC examines their attitudes towards trade and e-commerce. Conclusions are drawn as to the role that information technology and e-commerce has to play in small business trade. The chapter concludes with the recommendations made to APEC by the study and a summary of the SME policy initiatives announced by APEC as a result of the study and other APEC activities.

BACKGROUND

The Asia-Pacific Economic Cooperation (APEC) treaty was established in 1989 in response to the growing inter-dependence among Asia-Pacific economies. It has since become a primary vehicle in the region for promoting open trade and economic cooperation. Its aim is to advance Asia-Pacific economic dynamism and sense of community (APEC, 2002a). One of the concerns of APEC is to set up an environment whereby all participating countries can be involved in free trade. When considering the use of information technology (IT) and e-commerce in small business, location is important. Why? The major answer to this is a combination of **resources** and **distance**. The further you are away from resources, the longer it takes and the more it costs to get them. This can particularly be the case with hardware and software purchases, training and support. Another reason for examining location is **culture**. Some countries, and even different regions within countries, have their own traditions and their own established ways of doing things. This can influence the behaviour of small businesses and the manner in which they use IT (refer next few sections).

Developing Countries

Small businesses make up a major portion of businesses in developing countries (in some countries the percentage is higher than in developed countries). Recognising their importance, many governments are providing support programs for small businesses (International Trade Forum, 1999).

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