

A Brief Introduction to SME policies of Japan

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The project of policy dialogue on Industrial Development

● A coherent SME policy framework constitutes an integral component of overall medium-term industrial policies.

	2009						2010						2011												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Policy Dialogue Schedule of HLF			▲		▲				▲		▲			▲				▲		▲				▲	
1) Policy vision with Prime Minister's Office	Review on Policies & Strategies												2nd Report												
2) PASDEP with MoFED & MoTI	Review on PASDEP						1st Report																		
3) Sectors with MoTI	Review on MoTI's Implementation						Depth Review & Recommendation on MoTI's Implementation in Selected Sub-Sectors																		
4) Project and Action with MoTI	Sharing of Japan's Experience						Progress and Findings of Study Project																		
Kaizen Project 1) Quality & Productivity Improvement by Kaizen	Preparation		Sector Study (phase 1)		Pilot Projects (phase 2)						Disemination (phase 3)														

Weight of SMEs in Japan and Ethiopia(1)

- The definition of SME in Japan and Ethiopia is different.

Ethiopia

- **Micro Enterprises**
 - Small business enterprises with a paid-up capital of not exceeding birr 20,000 (≐ 2,000USD), and excluding high tech. consultancy firms and other high tech. establishment
- **Small Enterprises**
 - Business enterprises with a paid-up capital of above birr 20,000 (≐ 2,000USD) and not exceeding birr 500,000 (≐ 50,000USD), and excluding high tech. consultancy firms and other high tech. establishment.

Weight of SMEs in Japan and Ethiopia(2)

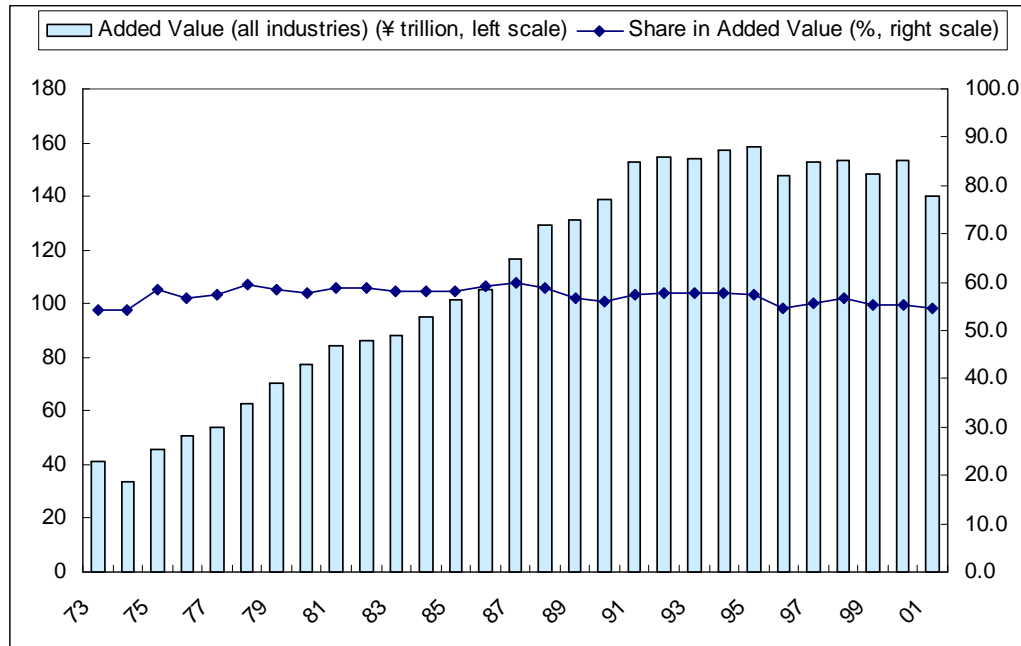
Japan

	Large	Medium	Small
Manufacturing	>300 300 mil.yen	300> >20	20>
Wholesale Trade	>100 100 mil.yen	100> >5	5>
Retail Trade	>50 50 mil. yen	50> >5	5>
Services	>100 50 mil. yen	50> >5	5>

Weight of SMEs in Japan and Ethiopia

Japan

The share of SMEs in terms of the added value by all industries has historically been steady at around 55 - 60%, indicating the continuity of the firm role played by SMEs despite dynamic changes of the industrial structure.



Source: 2003 White Paper on SMEs in Japan

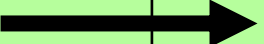
Note: SMEs are defined as those of which the capitalisation is less than 100 million.

Ethiopia

Informal and small manufacturing sector contributes 33% of the industrial sector output, and 52% of the manufacturing sector's contribution in 1996.

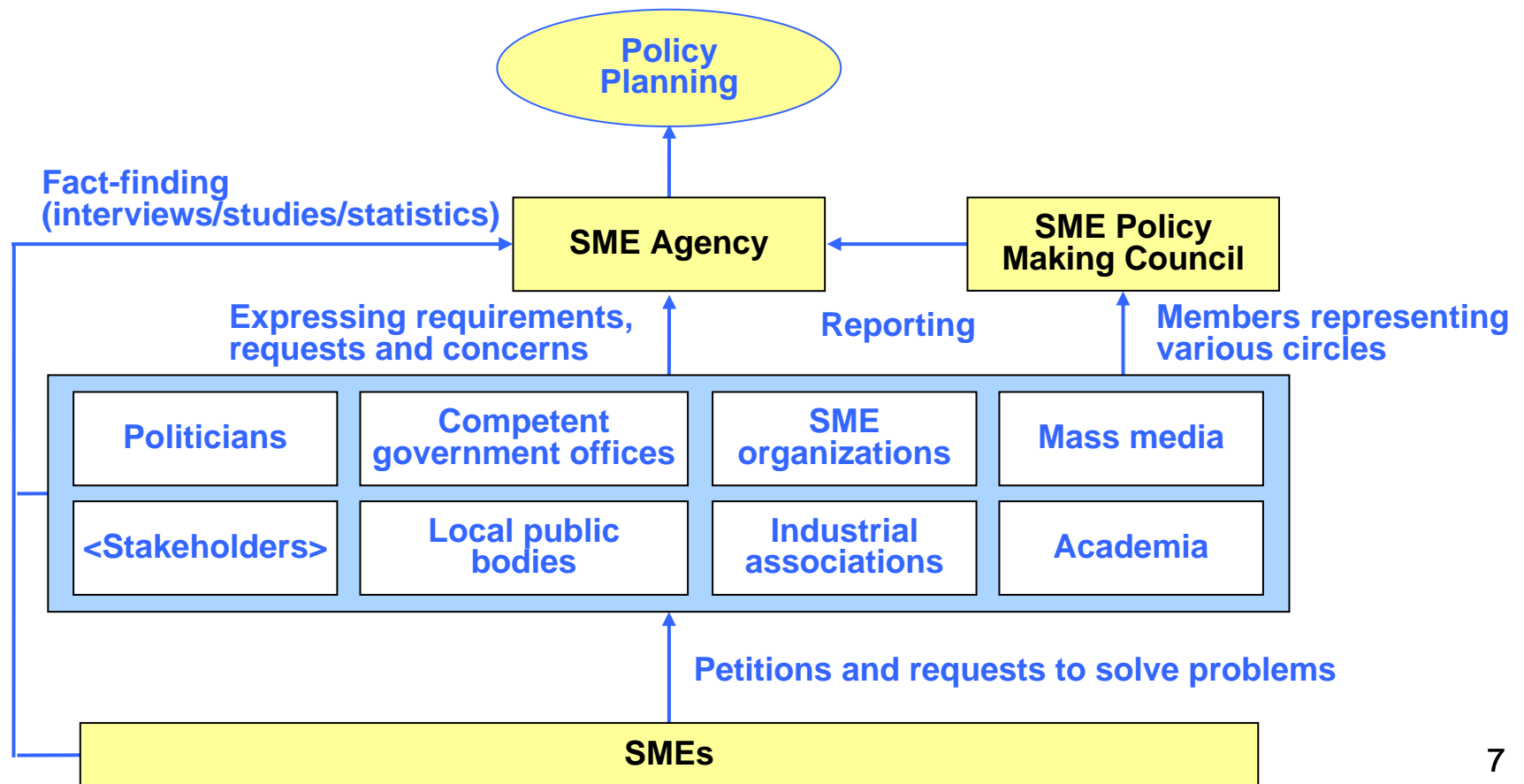
Changing Goals of SME Policies in Post-War Japan

< Comparison Between Old and New Policies >

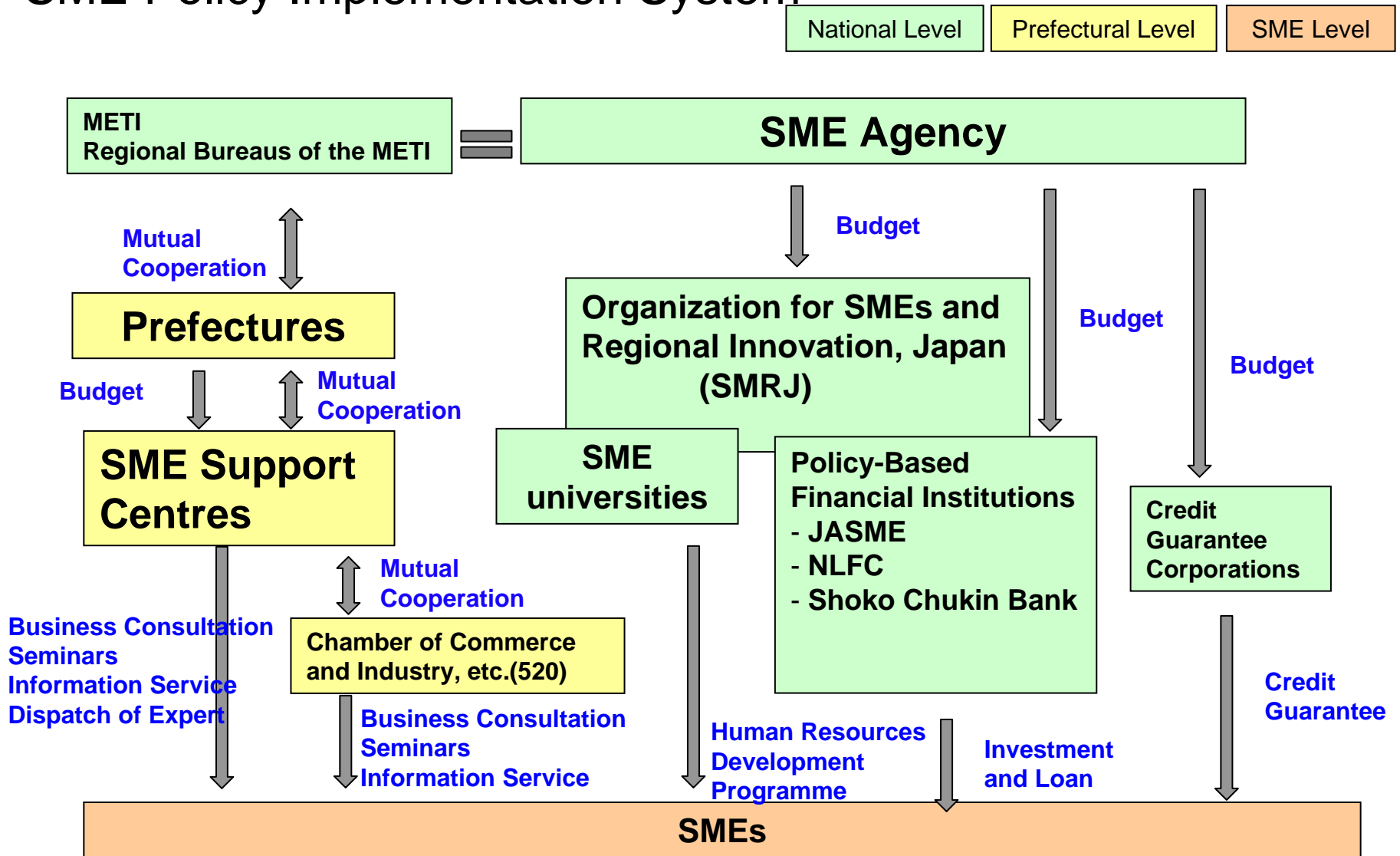
	Old Basic Law (1963) 	New Basic Law (1999)
Policy Concept	<ul style="list-style-type: none"> ● Rectification of the gaps between large enterprises and SMEs 	<ul style="list-style-type: none"> ● Fostering and support of a wide range of independent and vibrant SMEs
Policy Objectives	<ul style="list-style-type: none"> ● Improved productivity (upgrading of the business structure of SMEs) ● Improved trading conditions (correction of the disadvantages in business activities) 	<ul style="list-style-type: none"> ● Prompting of business management innovation and start-ups
Viewpoints to Determine Policy Targets	<ul style="list-style-type: none"> ● SMEs at the bottom of the structural gap between enterprises of different sizes ● Ability to rectify the gap ● The scale of the gap and ability to rectify it depend on the size of enterprise 	<ul style="list-style-type: none"> ● Difficulty of access to the management resources necessary for business growth and development ● This difficulty of access to management resources changes with the business size)

Source : SME Agency, "New SME Basic Law: Outline of Revisions and Detailed Explanation of Each Article", Doyukan, 2000

Planning of SME Policies and SME Agency



SME Policy Implementation System



Note: Compiled from a reference material published by the SME Agency (July, 2008)

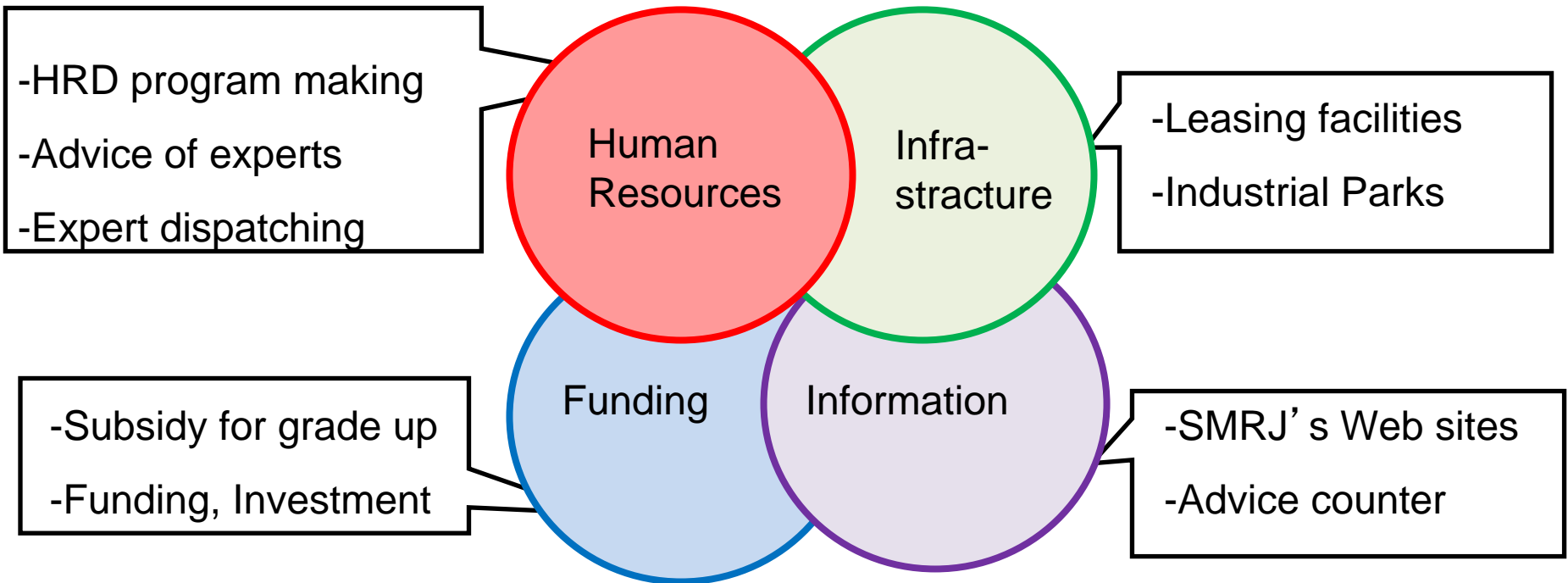
National Measures for Local SMEs Promotion



■ **SMRJ** : (Organization for Small & Medium Enterprises and Regional Innovation, Japan)

- **Newly Established in 2004 by Merging JASMEC, JRDC, and ISIF**
- **Staff Number : 811**
- **Capital : ¥1,094 billion (US\$10 billion)**
- **Branches & Offices : 10**
- **SME Universities : 9 campuses**

SMRJ's Supports for Company Operations



Some of the SMRJ's Activities



● Venture Fair Japan



● SME University



● Kyodai Katsura Venture Plaza (incubation facility)



● Revitalizing City Centers and Local Industries

SMRJ Network

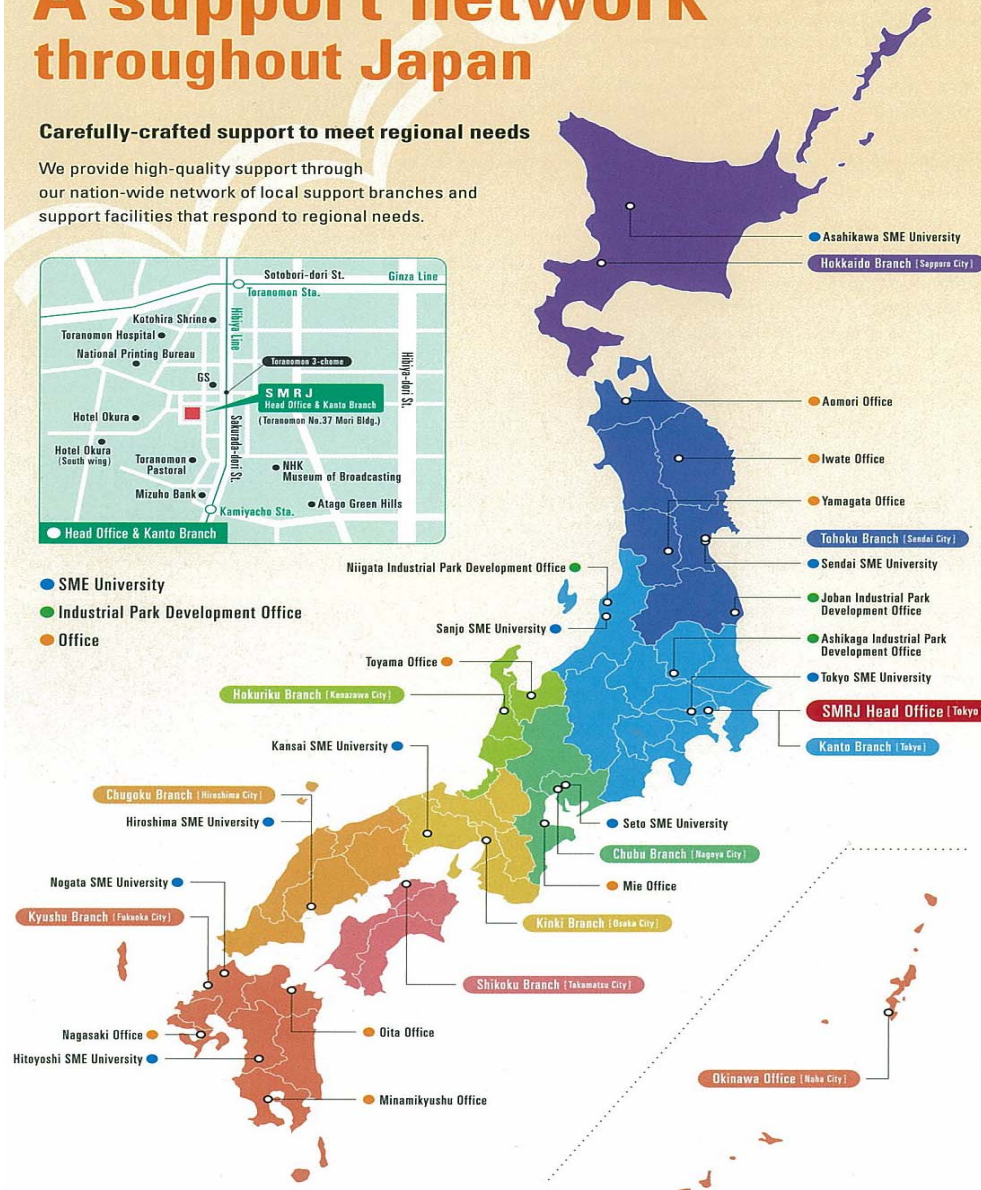
A support network throughout Japan

Carefully-crafted support to meet regional needs

We provide high-quality support through our nation-wide network of local support branches and support facilities that respond to regional needs.



- SME University
- Industrial Park Development Office
- Office



Local Government's Measures for Local SMEs Promotion

- 1) Finance (Loan, Tax, Subsidy)
- 2) Management Infrastructure Strengthening
- 3) Training and Human Resources Development
- 4) R & D Support
- 5) New Industrial Area Entry Support
(i.e. Automotive Industry, IT & Software, etc.)
- 6) Shopping Center Activation Support
- 7) Industrial Park, Science Park Provision

■ **SME Support Center** as One-Stop-Shop

SME Support Center's Activities

- 1) Consultation and Guidance by sending registered SME consultants (**Diagnosis**)
- 2) Providing information on useful supporting measures for SMEs according to the **Diagnosis** (Channeling SMEs to public services, such as Finance, Technology, Management , Marketing)
- 3) Sending specific experts for further advice/ consultation
- 4) Conducting seminars, training courses for SMEs

SME Support Center's Activities

