



**TOGETHER**  
*for a sustainable future*

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## THE GREAT IMPORTANCE OF SMALL BUSINESS

During Saint-Petersburg International Economic Forum (SPIEF-2016) a special inter-regional event aimed at the strengthening the international alliances of Russian, Latin America's and Caribbean (LAC) region small and medium-sized enterprises took place. It was organized by UNIDO (United Nations Industrial Development Organization) and had financial support from Russian Federation government. The Business Excellence journal represented by its managing editor Tatiana Kiseleva became a strategic partner of the event.

The UNIDO forum was scheduled to coincide with the second Russian small and medium-sized enterprises forum, which was a part of SPIEF official program. High-standing LAC representatives, cabinet members, heads of exporting agencies, trade and manufacturing companies, came together to establish business contacts with Russian colleagues. During the forum, the issue of establishing partnership based on advantages of both regions was discussed. While LAC members pos-

sess commercially viable raw material and markets for their distribution, Russia can offer an innovative and ecological solutions, which could lay the basis for win-win partnership.

Besides, Russian officials could learn a lot from their LAC colleagues about establishing export channels for small and medium-sized enterprises (SMEs) products. According to the opinion of the forum's chairpersons and participants, combining the

advantage the state policy aimed at internal production development, high-tech industry support, automatization and know-how implementation. Which industries could benefit more increasing the added value of their products and what are the main hindrances for the other on their way to high-tech products manufacturing able to risk the worldwide competition? These issues were addressed during the round table event titled «How to in-

high-priority sectors of economy, gaining first-hand insights and forming the immediate trading connections between Russia and LAC members for, as the president of Russian non-commercial SMEs association «OPORA» **Alexander Kalinin** noted, the profit comes through personal contacts.

The main goals of the Forum were the creation of mechanisms for development strategic interregional alliances and improvement interregional



advantages of both regions could help advance the production of assets with good commercial potential on the markets of regions involved. What's more important, this partnership could generate new business opportunities for SMEs therefore aiding in additional value-added product generation and creation of new workplaces for national economies. For example, for some of Russia's companies the access to needed resources and developed logistics infrastructure allowed applying for complete

create the national added value through international partnership and localization, the role of SMEs». During this event Elena Panina, the Russia's state Duma deputy and the president of National Research Institute for Economic Strategy (NRIES), spoke about the Russian program for legal support for SMEs and perspectives of partnership with LAC member countries.

The Forum allowed its participants a unique opportunity for establishing and strengthening the commercial relations in

possibilities for investments.

UNIDO's chief of LAC Division, **Carlos Chanduvi Suárez** formulated the strategic goal of the Forum: «*Our World is not the same as before. The simplest forms of international cooperation based on mere buy-sell relationship are becoming obsolete. The world needs new mechanisms and modalities of cooperation able to support mutual value chains creation. The mechanisms could be instrumental in solving emerging social problems and unemployment,*



*by creating more competitive industries and new workplaces creation with the use of new technologies that would contribute to create newer and better and competitive products for customers. This cooperation could also help enhancing the added value for national value chains and economics».*

As the Saint-Petersburg vice-governor **Sergei Movchan** stressed, the new geopolitical format predetermines the new stage of bilateral relationship. Without any doubt, the Forum's goals correlate to Sustainable Development Goals (SDGs), which require changing standard approaches for new innovative concepts, while rethinking the familiar concepts of international relationship.

The Forum's attendants spoke in detail about possible instruments for reaching these goals.

**Jessy Carmelle Petit-Frère**, the Haiti Republic Minister of Commerce and Industry: *«The 2010 drastic earthquake bankrupted a large share of the country's SMEs. The refore, we devote special attention to small and median-sized business development. A special center supported by federal government was created. Its goal is the support of business community. In particular, it developed a program of SMEs management meant to strengthen their management structure for the mere financial support is not enough,*



*Carlos Chanduvi Suárez*



*Sergei Movchan*



*Jessy Carmelle Petit-Frere*

*the SMEs must improve their business strategies. However, concessional loans for business development are regularly distributed, also a center for investments was created. The most important point for me lies in SMEs development instruments administration experience exchange. I like the idea of this Forum, it shows the mechanisms for international markets access to small and medium-sized businesses. This is exactly what we need. We found multiple open communication channels. We also see the possibilities for mutually beneficial information exchange, the data on actual risks included. We need an efficient platform for information exchange and coordinated decision making to work on such big markets as the Russian one. For me personally was very important to be able presenting the new capabilities of Haiti state demonstrating the possibilities of our small country recuperation after the earthquake».*

The head of business analytics and corporate strategy department for Apex-Brasil agency **Manuela Lima**: *«The goal of our agency is inspire and incite national companies to become exporters, in a manner, engraft the culture of export. We also conduct research to find economy sectors more suitable for international integration».*

The Argentine Republic Foreign ministry general director, Under Secretary of Commerce

and Investments ministry  
**Rafael Enrique Gonzalez Aleman:** «SMEs perform an important social function, they create workplaces. We emphasize the executives' education. For instance, we teach them to make a correct project description for specialized database, from which a potential investor could draw all the data he needs. Besides, the reisa considerable commercial mission network possessing a complete data on export possibilities for SMEs and it shares this data. This Forum is a very good platform for experience exchange. Despite of the distance between our countries and cultural differences, we have the very similar problems. However, themost interesting point here is out conclusion that the only way to overcome our problems lies in partnership and communication».

The manager for export marketing activities of Uruguay XXI agency (Uruguay)  
**Pablo Pereira:** «Suchevents allow the contacts of people grounded in different cultures and this is very important for modern trade communications and business are based on the knowledge of individual characteristics of your partners. Lasting relations are built on synergetic effect of the partnership, which leads to mutually beneficial long-term communications beyond the immediate profit. When different expectations of different partners connect, their goal



Rafael Enrique Gonzalez Aleman



Pablo Pereira



Ricardo Bosnic

sare gradually achieved».

Sub director on development of Pro Chile company (Chile)  
**Ricardo Bosnic:** «I was much satisfied obtaining a unique opportunity to exchange experience not only with Russian colleagues, but also with my members from CELAC region. As I represent an organization aimed to promote the business of Chile to external markets I have to know what the experiences of our neighbors are, what we could learn from them. It is also importantto have a direct contact with Russian business persons wishing to invest into Chilean market development. The Russian market is also very interesting to us. We are glad to considerany opportunities for collaboration».

The head of Autonomous Non-Commercial Organization North-WestAgencyfor Development and Fundraising  
**Slava Hodko:** «Behind each of the LAC region business development agencies present on this Forum stand hundreds or even thousands of actual businessmen. Can we imply we have mutual interests and a common market? I think we can and we have seen many practical examples to support it during this Forum. Russia is evidently interested in import of LAC region products, an important is an issue of food-stuffs import – we need meat, fruit and vegetables. However, we are also interested in high-tech products export. We are currently not using these

*opportunities at full extent. Even tourism industry is to be developed».*

Based on the Forum's results some topics most important for further collaboration were noted. First of all, the need for common business portal for data collection and sharing was noted. The data needed most concerns international conventions, custom sand tariff regulation in Russia and LAC region countries, financial assurance, interregional logistics, certification and registration objectives for exported products, innovative solutions able to get the added value in chains of production and supply. A creation of common SME data bank was proposed as it can facilitate the business experience exchange and help getting data on goods with importing or exporting potential.

Besides, the necessity of a constant platform organization for LAC countries communications with Russia aimed at raw stuff import to Russia in exchange for innovative solutions was noted. The suggestion of regular events joining the UNIDO Latin America and Caribbean Region department and Russian foreign ministry on SPIF basis was made. These events could also incorporate specialized sectoral seminars for LAC regions aimed for further connection sestablishment and collaboration support.

The foundation to one of these sectoral forums was laid by **Sieglien Burleson's**,



*Sieglien Burleson*



*Eugenia Soboleva*



*Jaime Eduardo Juárez Arias*

Republic of Suriname Trade and Industry minister, visit to one of Saint-Petersburg's the main research facilities, Ship-building and Ship-repairing Technologies Center, which specializes on ships design, construction and repair as well as harbor and dockyard engineering. She stated briefly the aims of Surinamese government in the area of harbor design and construction, shipbuilding and repair meant to draw investments for the region. The Institute's area of expertise and experience can fully cover these needs. Therefore, a preliminary agreement on Surinamese geographical and technical requirements provision was reached. The new harbor will accommodate the fishing and passenger tonnage in the region. The Institute in turn will provide the draughts of feasible projects for this undertaking.

During the Forum also took place some other business visits. The meetings of the delegation of Republic of El Salvador with Russian companies' representatives in Expoforum Cultural and Exhibition Center and Saint-Petersburg Chamber of Commerce and Industry also were able to draw mutual interest in communications for fishing, fish-processing, marine engineering and textile industries. The negotiations between International Financial Alliance LLC, El Salvador Export and Investment Promotion Agency (PROESA) president, **Sigfrido**





**Elena PANINA,**  
**Russia's state Duma deputy and the president of National**  
**Research Institute for Economic Strategy (NRIES)**

*The period when small and medium-sized business enterprises were considered to be regular market agents deemed to survived the stress of general competition, have luckily come to an end. In 2007 the Russian Federation basic legislation for SMEs development, authored by me, was passed. It was the first Russian legal act to note the notion of small and medium-sized business. Further on, a number of additional legal acts were adopted, among them the ones regulating the procedure for the conduct and organization of state procurements. Currently, the SMEs market share in federal and municipal transactions, including the ones performed by state-owned corporations, should not be below 20%. A number of federal legal acts further developed by municipal legal bodies concerned the formation of material and technical assets of local SMEs. For example, SMEs gained special terms for lease or conveyance of retail or production space. Finally, in 2015 the Federal Corporation for Small and Medium-sized Enterprises Development was created. Among further tasks for this corporation is the specialized bank creation for SMEs special-term crediting. All this is the product of new government strategy aimed at systemic and complex support of SMEs.*

*The partnership with LAC members should by no means be based on trade relations only. It should promote the added value creation in engineering and manufacturing, the area in which the role of small and medium-sized enterprises is most prominent for SMEs are definitive leaders in innovative technologies creation. However, the technology development is not a final step. Most small businesses have difficulties at their transfer to actual production. In the last five years, Russian Federation increased threefold the proportion of exported innovative technologies and services segment. During this period, our country became the second-biggest European venture investor, the fifth in the world rating. There should be a great potential of high-tech solutions implementations in the national economy. However, we are far behind in this aspect. There is a number of problems, mostly due to the shortage of cheap long-term loans. Besides, we lack organizational structures able to help SMEs commercialize their solutions and move them to preliminary and serial production. In this regard, I see a great potential in communication between Russian Federation and LAC.*

*Speaking about the possibility of concrete ultramodern product development able to survive the hardest competition and giving the edge not only to business, but also to our countries, I think the special attention should be devoted to freon-free refrigeration technologies. Due to economy sanctions, Russia increased the import of meat and seafood from LAC member countries. This new situation initiates new problems. Besides the apparent logistic alones, there is a problem of foodstuff transportation without its quality deterioration. Amongo ther possible directions, I should name the development of medical technologies, robotics, agrarian methods and construction supplies production. About the latter I should note, that there are new Russian technologies for natural stone processing allowing obtaining materials, which are cheaper and possess higher quality.*

*Without question, we can and should speak about «traditional» joint ventures creation and development. However, the time moves fast and the world is rapidly passing in to the sixth technological mode era. Therefore, we should not create new producing units based on technologies currently going obsolete for if we do, than we may be far behind in technological development. Today we should be always one step ahead. We possess al the capabilities to do it as partners.*



**Reyes**, and charge des affaires for Republic of El Salvador embassy in Russian Federation, **Yuri Pavel Santacruz Perdomo**, pointed out the mutual interests of all parties in connections establishment aimed at the exporting agreements establishment. The textiles, fishandseafood, possibly naval equipment, fishing vessels and agricultural equipment, could be the goods involved in the exchange. The meeting with El Salvador Association for Fishing Industry and Agriculture Development (ADEPESCA) representative, **Matteo Candotti**, heldon Fish Processing Plant №1 territory highlighted a whole spectrum of issues needed to be solved for trading connections successful development, among them the products certification, logistics, marketing research and insurance.

The special session of the Forum was devoted to Russia's markets capabilities, in particular its distributive and logistics networks, customs and tariffs legal aspects and possible use of free trading

zones. During the Forum some organizations ready to take charge in business connections establishment between Russia and LAC were identified, among those the National Committee for Economic Relations with Latin America and International Financial Alliance. Effective communication simply in corporation and coordination of their efforts at least within united informational system.

**Eugenia Soboleva**, the UNIDO international expert, pointed out the most desirable services, which Russian organizations can provide to exporters. These are products certification and registration, logistics. The representatives of organizations working in these are as held a number of meetings with LAC representatives as the most pressing issues in logistics currently are in logistics chain of goods imported to Russia from LAC countries. This is muchmore important for small and medium-size denterprises, whose data sources are limited

compared to large importers. As was noted, one of the main aims of international projects for SMEs support is data accumulation and its provision in accessible form as well as organizational contacts availability. Besides, Russian small and medium-sized enterprises proposed some high-tech innovative solutions for the LAC market.

The main conclusion made by Forum participants was that what ever practical instruments are used the synergistic effect can only be obtained by common strategy development for opportunities advancement on all the markets of countries involved. This idea was formulated by PROMEXICO agency counselor for trade and investment in Russia, Belarus and Armenia, **Jaime Eduardo Juárez Arias**. He stressed the SMEs being the backbone of economy, which should be spared, developed and supported.



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