

AmCham China's Social Impact Initiative: SME Track

How can we ensure the long-term sustainability of the SME sector?

Background

Small and medium-sized enterprises (SMEs) are the engines of China's economy. SMEs contribute to more than 50 percent of China's tax collection, account for more than 60 percent of China's GDP, hold more than 70 percent of China's patents and constitute 80 percent of national employment. A healthy SME ecosystem in China is vital for the overall success of the global value chain.

However, certain features of China's institutional and regulatory system have created barriers and operating challenges for SMEs. The COVID-19 pandemic has also hit SMEs particularly hard. Corporate registration data suggests that over 460,000 SMEs permanently closed in Q1. Even with more than 60 percent of Chinese SMEs restarting their operations, they are facing further challenges due to reduced demand from other markets.

More than ever, restoring and improving China's SME ecosystem is a time-sensitive issue. **MNCs can and should be part of the solution.** Therefore, we have designed this track to identify and prioritize critical problems that SMEs are facing in China, outline best practices in China and elsewhere, and establish recommendations and roadmaps for both the public and private sector to help improve the SME ecosystem.

Sample Workshop Topics

- Financing
 - How can large corporations help to secure SMEs within their value chain?
 - How to encourage the financial sector to more proactively lend to SMEs?
- Technological innovation
 - How can Chinese SMEs connect their innovations to large corporations?
 - How do Chinese SMEs survive the "valley of death" (the difficulty of covering the negative cash flow in the early stages of a startup)?
- External markets
 - How can Chinese SMEs expand beyond local markets?
 - What role can MNCs play in connecting SMEs to external markets?
 - How can MNCs help integrate SMEs into its local and global value chain?
- Government support
 - How can China's government facilitate clustering of SMEs to encourage economies of scale?
 - How can China's government ensure SMEs are not "crowded out" of the market?