



THOUGHT LEADER

Growing MSMEs, a path to national development

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Micro, small and medium-sized enterprises (MSMEs) play an important role in economic development, especially in regional economies like that of Latin America. Today more than ever, strengthening these firms is viewed as a means to achieve more inclusive, genuine and sustainable socioeconomic progress.

We Argentines have taken ownership of that philosophy, and we are increasingly aware of the impact that MSMEs have on working families, production, and access to goods. Above all, we have embraced the notion that an idea, which starts out small, can be nurtured and transformed into something big.

Fostering a stronger business ecosystem for the MSME sector is part of Argentina's agenda for growth. The agenda calls for actions that benefit SMEs – which comprise 99.3% of national enterprises – and provide support to their workers who represent 70% of employees in the formal economy.

Fostering dialogue between industry, producers and government

Although there are many paths to meeting those goals, the one we chose was to engage in dialogue with industry leaders and producers, becoming acquainted with their problems and responding to each one as appropriate. As a result, the government has focused on measures that are fundamental parts of the entrepreneurial system.

We introduced a more flexible regulatory framework for MSMEs. Moreover, we have provided stimuli for their creation and support. In 2016, for example, the Productive Recovery Programme Act was adopted; in 2017, the Venture Capital Support Act; and in 2018, the Act on Financing for Production. Many of the 603,000 Argentine enterprises with less than 200 employees represent an opportunity for young people who find it difficult to enter the labour market, for adults who have spent years unsuccessfully seeking work, and for women hoping to play a more productive role in society.

Connectivity, a key to competitiveness

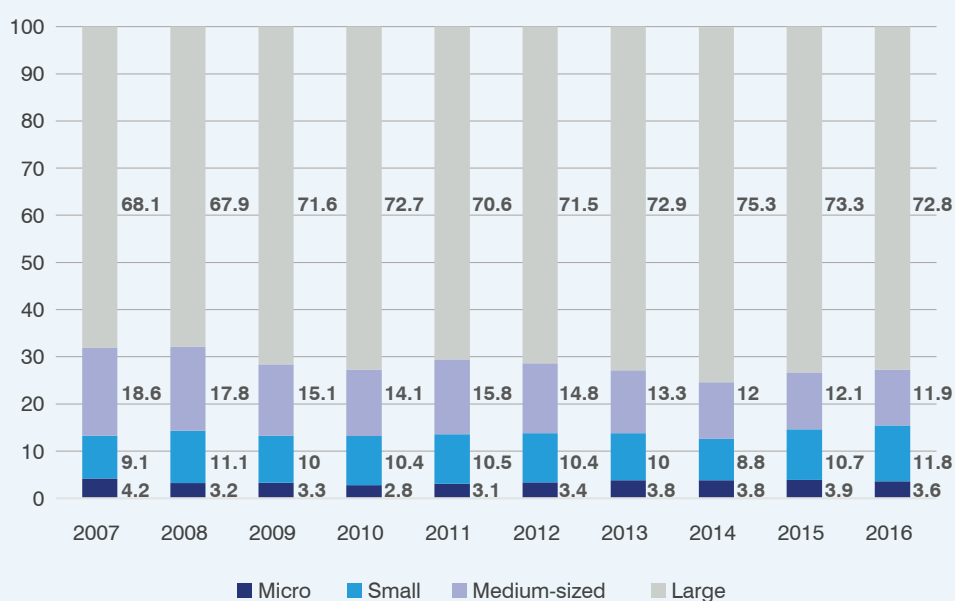
Small and large enterprises also need to access information on consumer habits and patterns, and on local and international competition. In other words, they need more and better connectivity, which allows them to grow both locally and internationally. The Argentine economy stagnated over the past decade, with the export value of MSMEs declining by around 27% (see Figure).

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With this need in mind, in 2017 the Federal Internet Plan was launched to create greater social and productive opportunities nationwide by reducing the digital divide. To date, 472 small Argentine localities have been connected to the country's largest and most extensive fiber optic network, with a potential reach of 15 million people. Another 50 will be connected shortly, for an expected total of 1,300 localities online by 2020.

This progressive improvement in connectivity infrastructure has been accompanied by the development of a road network, which connects the most remote localities to big cities, allowing them to expand their markets nationally and internationally, and to improve coordination between suppliers, logistics and distribution.

Export share of MSMEs in Argentina remained stable in the last decade



Source: Ministry of Production of Argentina.

For those MSMEs that have faced obstacles to exporting, we have instituted a simplified export regime, 'EXPORTA SIMPLE' (EXPORT SIMPLY), which allows small-scale producers to export through postal service providers. This means that more MSMEs can become MSME exporters.

Argentina's G20 leadership: Enhancing the business ecosystem for MSMEs

Argentina is chairing the G20 in 2018 on the theme of 'building consensus for equitable and sustainable development'. In this age of digital transformation, the Digital Economy Group has acquired new relevance. So far this year, an analysis of the impact of technology on growth and employment has been approved, which is expected to generate tools for exploiting the opportunities created by technological change.

Work is also under way to improve the environment in which MSMEs operate, but this ecosystem is a complex structure that requires input from all the actors involved in the productive chain. For this reason, productive policy today tries to listen to the sector's concerns, analyse its situation, and find the most appropriate solutions to its challenges.

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