

Opening

Ambassador Tugay Uluçevik

Excellencies,

Ladies and Gentlemen,

I consider myself as privileged and honored to perform, on behalf of the Permanent International Secretariat (PERMIS) of the Organization of the Black Sea Economic Cooperation (BSEC), the pleasant duty of warmly welcoming you all to the opening session of the Workshop on "SMEs in the BSEC Region – Reality and Vision" in the context of "10 Years of Cooperation between BSEC and KAS".

As the theme suggests, 2006 marks the tenth year of the beginning of the cooperation between BSEC PERMIS and the Representation of the Konrad Adenauer Stiftung (KAS) for Turkey, on matters relating to the

development of SMEs in the Black Sea Region. Therefore, the first of the biannual BSEC-KAS joint Workshops on SMEs in 2006 which we are inaugurating this evening is devoted to a stock-taking of our joint endeavors in the last ten years.

On this occasion I wish to thank the Representation of the Konrad Adenauer Stiftung (Foundation) for Turkey in general, and its Distinguished Resident Representative Mr. Frank SPENGLER, in particular, for jointly organizing this important Workshop with the Permanent International Secretariat of the Organization of the Black Sea Economic Cooperation.

I wish also to pay a tribute to the Small and Medium Industry Development Organization of Turkey (KOSGEB) as well as to the Turkish Foundation for Small and Medium Business (TOSYÖV) in general, and their distinguished Presidents Mr. Erkan GÜRKAN and Mr. Hilmi DEVELİ respectively in particular, for the active support and cooperation they have offered in the realization of this event. It would be a mere statement of fact on my part to say that both KOSGEB and TOSYÖV as two SME-support institutions in Turkey have distinguished themselves by their exemplary contributions to the development of SMEs nationally and region-wide.

Excellencies, Ladies and Gentlemen,

It is indeed a pleasure and honour for us to have in our midst this evening H.E. Associate Prof. Dr. Adem ŞAHİN, Undersecretary of the Ministry of Industry and Trade of the Republic of Turkey. His presence is not only a tribute to us but also is an evidence of the importance and high priority attached by the Government of Turkey to the development of SMEs.

Turkey, a founding Member of and the Host State for BSEC, has ever since been an active supporter of the work done on SMEs within the relevant Working Group of the Organization of the Black Sea Economic Cooperation. Turkey acted as Country Coordinator on SMEs between 2001 and 2003 and successfully discharged its responsibilities emanating therefrom. Turkey is the current Country Coordinator for the 2005-2007 period as well.

Last but not least, I would like to welcome also the presence of senior government officials and guests from the business circles of the Host Country as well as the representatives of the diplomatic community in Turkey.

Excellencies, Ladies and Gentlemen,

The beautiful historic City of Istanbul, where our Workshop is taking place, hosted less than two years ago the Second OECD Conference of Ministers Responsible for SMEs under the able presidency of H.E. Mr. Ali Coşkun, Minister of Industry and Trade of the Republic of Turkey.

As was also underlined in the Istanbul Ministerial Declaration of June 2004 there is today a world-wide broad agreement that SMEs constitute the backbone of modern economies. SMEs play an important role in transition as well as in developed market economies. The core element of the political and economic transformation of any country in transition is the creation of a sound private sector and further development of SMEs and entrepreneurship. They are considered one of the principal driving forces in economic development. SMEs promote private ownership, stimulate innovations and develop entrepreneurial skills. Their flexibility enables them to match quick changes in market demands. They generate the majority of jobs, promote diversification of economic activities, support sustainable development and make a sig-

nificant contribution to exports and trade. Moreover, SMEs contribute to the democratization and decentralization process in transition countries.

From the very outset of their cooperation the Member States of BSEC have devoted particular attention to the development of SMEs. Since 1989, the Black Sea Region has been undergoing a process of transformation of its political, economic and social systems. This has been the period of significant change in the whole region.

Out of their awareness of the important role of the small and medium-sized enterprises the BSEC Member States organized in Istanbul in September 2001 the Meeting of the Ministers in charge of SMEs policies and adopted on 27 September 2001 the "Declaration on Small and Medium-sized Enterprises at the Dawn of the 21st Century." Subsequent establishment of the BSEC Working Group on SMEs has been also a timely step in the right direction. Today the subject of SMEs ranks high in the priority list of BSEC.

The mandate of the BSEC Working Group on SMEs is defined as follows:

- to help create an enabling business environment;
- to foster entrepreneurship;
- to promote cooperation among SMEs in the BSEC region.

The BSEC Working Group on SMEs is entrusted with the following tasks:

- to exchange information on best practices;
- to give feedback and make recommendations to the Governments;
- to initiate and develop cooperation projects within BSEC;
- to cooperate with other Working Groups of BSEC and the related bodies as well as international organizations.

Today more than 3 million of SMEs in 12 BSEC Member States employ approximately 21 million workers in total while the number of unemployed amounts to more than 10 million. With the purpose of creating still more SMEs, facilitate the transition process, increase the competitiveness of the economies and reduce unemployment, a more supportive environment should be brought about for SMEs.

Permanent International Secretariat of BSEC by means of collaborative and cooperative efforts particularly with the Representation of the Konrad Adenauer Stiftung (Foundation) for Turkey has launched a campaign to raise the public awareness in the BSEC region of the importance of SMEs. The United Nations Economic Commission for Europe (UNECE) and the Small and Medium-Sized Industry Development Organization of Turkey (KOSGEB) have also contributed to those joint endeavors. Through a series of 32 Workshops hitherto it has been possible to address various issues involved in the development of SMEs and reach guiding conclusions. The devotion of the Konrad Adenauer Stiftung to the development of SMEs in the Black Sea Region deserves our praise. I commend the Konrad Adenauer Stiftung for its active engagement in and generous financial support for the realization of the Workshops through its Representation in Ankara. After all we must recall that the SMEs have played a cardinal role in the miraculous German economic recovery in the post Second World War period.

Topics that have hitherto been addressed in the Workshops jointly organized by BSEC and KAS, inter alias, include:

- "SMEs and their role in Foreign Trade";
- "SMEs - Their Need for Human and Financial Resources";
- "The Role of Local Governments in Enterprise Creation";
- "Environmental Protection and SMEs";

"Technology Transfer and SMEs";
"Standardization, Quality Control and Quality Assurance Systems for SMEs";
"Women Entrepreneurship and SMEs";
"Internet, E-Commerce and SMEs";
"Promotion of SMEs - Development of Youth Entrepreneurship";
"Use of Information Resources in Internet for Start-Ups and SMEs";
"Cooperation of Universities and Research Centers with SMEs";
"Business Incubators for Nurturing Start-ups";
"Development of Sustainable SMEs – Vision and Reality";
"Financing of SMEs".

Excellencies, Ladies and Gentlemen,

In the era of knowledge-based economy supported by ICTs, that is, "Information and Communication Technologies", and coupled by a widening process of globalization, knowledge has become the driving force of economic growth, social development and employment. Knowledge is the primary source for innovation. It is an indispensable factor in enhancing competitiveness, particularly that of SMEs, in the world markets. New business opportunities, productivity gains and jobs, to an increasing extent, depend on new knowledge. Knowledge has become a factor of production equal in importance to capital. Yet the pace of development of the knowledge-based economy and ICTs has been uneven throughout the world. The digital divide has sharply increased. Available surveys show that in all democratic societies with free market economies SMEs constitute more than 70% of industrial sectors in terms of both turnover and employees. Yet, the existing gap between

en them and the large companies in using ICTs in their business processes is becoming more and more dramatic. In order for SMEs to compete and play a greater role in the world-wide market competition they must not only be profitable but also they must be learning organizations, able to keep abreast of the latest developments affecting their sector. This is, no doubt, an arduous process the success of which, to a great extent, depends on the degree of public support for basic education, financial assistance for SMEs training, and for promoting greater cooperation and exchanges of the Universities and research centers with SMEs. In view of the important role that SMEs play in the countries' political, economic and social transformation and development, politicians, governments and SME support institutions must come into play and take upon themselves the mission to help enhance awareness of the SMEs of the potential benefits which they could derive from the use of Internet. They must help SMEs overcome obstacles, such as, red-tape; lack of access to finance; and difficulties in accessing the market, especially in public procurements, exports, cross-border contacts, global sourcing, etc. They must devise a proper legal framework and provide financial incentives for SMEs.

In its existence of 14 years the Organization of the Black Sea Economic Cooperation has proved its dynamism by being in constant evolution. In 1999, with due recognition of current trends, BSEC entered result-oriented programmes and projects stage. Adoption of the BSEC Economic Agenda in 2001 and the establishment of the BSEC Project Development Fund marked impressively the beginning of this new stage. The core of BSEC Economic Agenda is a collective result-focused strategy designed to attain the proclaimed BSEC goals. The BSEC Project Development Fund has been designed as an instrument to be utilized in the pursuit of these goals. It goes without saying that the Project De-

velopment Fund will also be at the disposal of the projects designed for the development of the SMEs in the BSEC region.

Over the past decade BSEC has become an integral part of the European political and economic landscape. The whole region of BSEC became the immediate neighbor of the enlarged EU as of 1st of May 2004. This, indeed, is a landmark development with far-reaching consequences. In retrospect, it would not be wrong to consider the process that was initiated in 1990, leading to the creation of BSEC, as a side effect of European integration. As a matter of fact, in designing BSEC as a regional cooperation project, the Member States have shared a common vision of their regional cooperation as a part of the integration process in Europe. They have also regarded the economic cooperation in the Black Sea region as a process conducive to their own accession in or long-lasting partnership with the European Union. It goes without saying that EU constitutes the main focus and one of the highest foreign policy priorities of all the BSEC Member States. In charting the future road of BSEC, its Member States act in earnest also with the aim of establishing formal relationship and collaboration with the European Union and thus jointly forging the Black Sea Dimension of EU. At present, one BSEC Member State, that is Greece, is also the Member of EU. Three BSEC Member States, namely, Bulgaria, Romania and Turkey, are expected to join EU as full Members in the near or not too distant future. Consequently, the boundaries of the enlarged EU will also cover a significant part of the BSEC region, including a long coastline of the Black Sea. Thus, EU will become a major Black Sea actor.

It is also in the light of these facts that in dealing with SMEs in the BSEC Region we must all keep a close eye in the state of affairs of SMEs in the European Union.

In the course of the proceedings of the present Workshop we are expected to address important topics relating to SMEs, including,

- a) The development of SMEs in the BSEC Region in the past 10 years;
- b) Legal and administrative environment for supporting the development of SMEs;
- c) Contributions and effects of SMEs in National economic and social development;
- d) Representative Structure of SMEs on national level;
- e) The role of SMEs in political decision making;
- f) The future of and challenges facing the SMEs.

Excellencies, Ladies and Gentlemen,

It is obvious that the issues before us require expertise and a professional approach. I am confident that in the light of the presentations by several eminent professionals and experts who are kindly taking part in this important event, participants from the Member States of BSEC, both from the public and private sectors, will engage in a lively and businesslike discussion on all aspects of the subject with a view to making an objective assessment of the past 10 years with reference to SMEs and reaching guiding conclusions.

I wish the participants a successful and fruitful Workshop session which is the 33rd of its kind.

Thank you very much.