



Industry
Canada

Industrie
Canada

SMALL *Business*

VOL. 4, NO. 2, October 2002

Q U A R T E R L Y

<http://strategis.gc.ca/SMEquarterly>

PERFORMANCE

Trends

Job creation by small businesses accounted for almost 100 percent of the net number of new jobs in the economy as a whole between the first quarter of 2001 and the first quarter of 2002. In that period, small businesses created close to 115 000 jobs.

There were 2.35 million self-employed workers in the second quarter of 2002, up slightly (1 percent) from 2.32 million in the same quarter of 2001.

Bankruptcies numbered 2495 in the second quarter of 2002, a decrease of 8.5 percent from the same quarter in 2001. Business liabilities involved in bankruptcies jumped to \$4.5 billion in the second quarter of 2002, marking a significant increase from the \$1.9 billion reported in the same quarter of 2001.

Total business loans outstanding from chartered banks amounted to \$94.8 billion in the first quarter of 2002, down from the \$102.2 billion reported in the same quarter of 2001.

Venture capital investments in Canada amounted to \$416 million in the second quarter of 2002, marking a substantial decrease from the \$1.3 billion reported in the same quarter of 2001.

SME FINANCING IN CANADA: AN ANNUAL REPORT

In June 2002, Industry Canada, in partnership with Statistics Canada and Finance Canada, issued the first of a series of annual reports on the state of financing for small and medium-sized enterprises (SMEs) in Canada. The report, entitled *SME Financing in Canada*, aims to provide a comprehensive portrait of the complexities of financing SMEs in Canada. It includes an analysis of three ground-breaking surveys from Statistics Canada and Industry Canada (*Survey of the Suppliers of Business Financing*; *Survey on the Financing of Small and Medium-Sized Enterprises* and *Financing of Small and Medium-Sized Enterprises: Satisfaction, Access, Knowledge and Needs*). Some highlights are:

- 23 percent of SMEs requested debt financing in 2000; 82 percent of requests were approved;
- larger SMEs (those with 100 to 499 employees) were more likely than smaller SMEs to request financing and to have their applications approved by lenders in 2000;
- no variations were found in the approval rates for female and male entrepreneurs in comparable sectors and sizes of business who applied for debt financing; and

(continued on page 2)

CONTENTS

<i>Job Creation</i>	2
<i>Self-Employment</i>	4
<i>Business Loans</i>	5
<i>Economic Snapshot</i>	5
<i>Equity Financing</i>	6
<i>Business Bankruptcies</i>	7
<i>Recent Developments</i>	8

Industry Canada
Library - Queen

OCT 31 2002

Industrie Canada
Bibliothèque - Queen





(continued from page 1)

- firms in knowledge-based industries (KBIs) were least likely to make a request for debt financing in 2000 and also had the lowest approval rates.

The report also includes the results of three academic studies commissioned by Industry Canada. The first study, *Issues Surrounding Venture Capital, Initial Public Offerings (IPO) and Post-IPO Equity Financing for Canadian SMEs*, identifies concerns related to obtaining access to venture capital and to IPO and post-IPO equity financing, and provides a basis for the development of future research projects. The second study, *Value Added by Informal Investors*, documents how private investors contribute to businesses in which they invest beyond the monetary investment itself, and investigates business owners' perceptions of the value of these contributions. The third study, *Practices and Patterns of Informal Investment*, describes the nature of informal investments, identifies key parameters of the investment process and focusses on the investment behaviour of these types of investors.

SME financing is a dynamic market. To learn more about this market, Industry Canada, Statistics Canada and Finance Canada set in motion a program of research and data collection through the SME Financing Data Initiative (FDI). Publication of the report, *SME Financing in Canada*, is part of an ongoing program to provide parliamentarians, researchers and others with accurate and relevant information on the state of SME financing in Canada, as well as to highlight areas requiring further research and data collection. Complementary research under way in niche areas of SME financing includes an examination of informal equity markets in Canada and their impact on the growth and development of small businesses.

The report, *SME Financing in Canada*, along with the surveys and academic studies may be found at <http://strategis.ic.gc.ca/fdi>

JOB Creation

Data for the first quarter of 2002 from Statistics Canada's *Survey of Employment, Payrolls and Hours (SEPH)*¹ indicate that close to 115 000 new payroll jobs were created compared to the first quarter of 2001. Table 1 shows that small firms alone (those with fewer than 100 employees) created about that many jobs, while the losses of medium-sized firms were offset by the gains of large firms.

Looking back over five year-over-year quarterly changes, there has clearly been a declining trend in the overall rate of job creation, but the share of small businesses in that job creation has steadily increased, weakening somewhat only in the most recent quarter. The slight slackening in the relative contribution of small firms was due to weakened job growth in the very smallest firms (those with fewer than 20 employees). Net job creation by medium-sized firms (those with 100 to 499 employees) exhibits the highest volatility, with particularly large declines in the relative contribution to job creation over the two most recent quarters compared to corresponding quarters a year earlier.² Please refer to the Economic Snapshot for an update on the overall labour market in the first seven months of 2002.

Table 2 displays a breakdown of net changes in average payroll employment by industry and firm size. The net changes shown are differences between the average level of employment in the four quarters ending the first quarter of 2002 and the average level in the preceding four quarters. Table 2 shows that the largest gains in terms of absolute numbers were in retail trade; construction; health care and social assistance; and accommodation and food services. In these industries, well over half of new jobs were created by small firms. Other industries in which small firms contributed large shares of new jobs included transportation and warehousing; arts, entertainment and recreation; and professional, scientific and technical services.

(continued on page 3)

(continued from page 2)

Overall, on average, small firms were responsible for 65 percent of net new jobs created over the two-year period. Medium-sized firms experienced job losses of 8 percent while large firms (those with 500 or more employees) expanded their payroll employment by almost 43 percent.

¹ SEPH data exclude self-employed workers who are not on a payroll and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data on employment by size of firm also exclude unclassified industries.

² Statistics Canada cautions that the data by size of firm may be somewhat volatile, especially with respect to the smallest size categories and when relating 2001 data to 2000.

Table 1: Year-over-year Quarterly Net Change in Payroll Employment by Firm Size, Canada

Quarter	Total Net Change		% Contribution to Total Net Change by Size of Firm (Number of Employees)								
	%, y/y	Jobs, y/y	0-4	5-19	20-49	50-99	0-99	100-299	300-499	100-499	500+
Q1 2001	3.7	449 435	10.0	1.4	8.1	5.9	25.4	10.8	3.6	14.4	60.1
Q2 2001	2.8	353 334	2.2	8.7	13.0	11.9	35.8	10.5	2.5	13.0	51.1
Q3 2001	1.8	226 792	29.8	2.8	16.9	15.6	65.1	-0.4	-1.0	-1.4	36.3
Q4 2001	1.0	127 451	32.4	37.2	33.8	13.6	117.0	-17.7	-37.7	-55.4	38.3
Q1 2002	1.0	114 841	-9.3	31.3	41.5	36.3	99.8	-7.2	-25.9	-33.1	33.3

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), May 2002.

Table 2: Year-over-year Net Change in Payroll Employment¹ by Industry and Firm Size, Four-quarter Averages, 2000 Q2 to 2002 Q1

Industry	Total Net Change		% Contribution to Total Net Change by Size of Firm (Number of Employees)								
	%, y/y	Jobs, y/y	0-4	5-19	20-49	50-99	0-99	100-299	300-499	100-499	500+
Forestry ²	-6.3	-4 990	37.6	21.4	-5.6	14.1	67.5	5.6	—	—	—
Mining and oil and gas extraction	1.8	2 422	23.4	2.7	-11.7	-11.6	2.7	-18.3	-6.9	-25.2	122.4
Utilities	1.3	1 395	-7.6	-5.8	31.6	18.8	37.0	-46.2	-31.9	-78.1	141.1
Construction	6.8	37 124	1.5	46.5	24.0	17.8	89.7	9.8	-2.9	6.9	3.4
Manufacturing	-1.4	-28 748	0.5	8.1	8.6	12.6	29.8	13.9	31.2	45.1	25.1
Wholesale trade	-0.3	-1 838	-136.8	123.2	92.8	-15.3	63.8	36.0	101.3	137.3	-101.4
Retail trade	2.8	41 499	16.6	5.4	25.6	7.8	55.4	-6.5	-7.1	-13.6	58.1
Transportation and warehousing	0.8	4 822	28.6	40.1	56.1	53.8	178.5	112.5	34.6	147.1	-225.6
Information and cultural industries	2.9	9 700	5.3	5.2	17.6	10.6	38.7	-31.0	6.8	-24.2	85.4
Finance and insurance	2.4	12 984	-7.7	-6.2	2.1	3.7	-8.2	5.0	5.6	10.6	97.5
Real estate and rental and leasing	0.1	192	-647.5	-260.3	-266.7	-154.5	-1 329.0	-391.2	-201.2	-592.4	2 021.1
Professional, scientific and technical services	1.7	10 906	88.8	24.8	15.7	25.2	154.5	-2.1	-18.7	-20.8	-33.8
Management of companies and enterprises ²	9.3	7 209	6.8	-9.4	-1.1	-7.5	-11.2	5.6	—	—	—
Administration, support and waste management and remediation services	3.8	19 413	18.7	14.2	16.4	11.4	60.7	0.6	3.6	4.2	35.1
Educational services	0.4	3 737	-3.7	-21.9	-35.1	13.8	-46.9	-76.1	31.6	-44.5	191.4
Health care and social assistance	2.6	32 238	-3.8	18.0	21.3	18.1	53.6	-1.1	-9.6	-10.7	57.1
Arts, entertainment and recreation	3.9	8 376	15.1	30.1	73.2	59.9	178.4	81.4	32.0	113.4	-191.8
Accommodation and food services	2.9	26 532	6.9	5.3	29.4	41.7	83.3	11.7	-10.5	1.2	15.5
Other services (excluding public administration)	3.5	16 413	14.5	17.2	15.4	12.1	59.2	7.9	10.2	18.1	22.6
Public administration	0.9	6 218	8.4	-21.7	-47.9	-69.7	-131.0	-68.5	-67.8	-136.3	367.1
Canada Total	1.6	205 605	12.9	14.6	21.3	16.6	65.4	0.6	-8.6	-8.0	42.6

Source: Statistics Canada, *Survey of Employment, Payrolls and Hours* (SEPH), May 2002. The year-over-year change in net payroll employment is measured as the difference between the average level of employment in the four quarters ending the first quarter of 2002 and the average level in the preceding four quarters.

¹ SEPH data exclude self-employed workers who are not on a payroll and employees in the following industries: agriculture, fishing and trapping, private household services, religious organizations and military personnel of defence services. The data on employment by size of firm also exclude unclassified industries.

² Data for firms with 300 or more employees in two industries are suppressed due to confidentiality restrictions but are included in the size category and industry totals.



SELF-*Employment*

According to Statistics Canada's *Labour Force Survey*, 2.35 million persons were self-employed in the second quarter of 2002, up 1 percent from the 2.32 million recorded in the same quarter of 2001.

As described in the December 2001 issue of the *Small Business Quarterly*, the *Labour Force Survey* distinguishes between five categories of self-employed workers: those who work with paid help and those without paid help, and within each category, those whose businesses are

incorporated or those whose businesses are unincorporated; unpaid family workers make up the fifth category. Table 3 shows that between 1996 and 2001, total self-employment increased by 6.5 percent. Most of the increase consisted of self-employed workers without paid help. The number of self-employed workers without paid help, incorporated and unincorporated combined, expanded by 13 percent. In contrast, the number of self-employed workers with paid help

Table 3: Number of Self-employed Workers in Canada by Category and Industry, 1996 and 2001 (in thousands)

Industry	Total		With paid help				Without paid help				Unpaid Family Workers	
			Incorporated		Unincorporated		Incorporated		Unincorporated		1996	2001
	1996	2001	1996	2001	1996	2001	1996	2001	1996	2001		
Agriculture	289.9	209.2	22.7	22.6	45.4	24.3	17.9	25.9	175.7	121.3	28.2	15.1
Forestry, fishing, mining, oil and gas	45.7	47.5	11.9	11.7	10.4	8.5	4.2	7.8	18.1	18.8	—	—
Construction	232.4	272.0	66.2	68.0	36.8	34.7	25.9	45.6	100.3	121.5	3.2	2.2
Manufacturing	109.1	100.7	50.5	49.6	13.4	11.3	10.5	11.2	32.8	27.0	1.9	1.5
<i>Total Goods-producing Industries</i>	<i>677.9</i>	<i>629.6</i>	<i>152.0</i>	<i>152.2</i>	<i>106.0</i>	<i>78.9</i>	<i>58.5</i>	<i>90.5</i>	<i>327.0</i>	<i>288.6</i>	<i>34.4</i>	<i>19.5</i>
Retail and wholesale trade	326.7	303.8	117.9	110.7	46.5	42.9	29.3	39.3	125.2	106.5	7.9	4.4
Transportation and warehousing	91.7	135.6	17.6	24.1	12.1	11.9	10.5	22.4	49.8	76.0	1.6	—
Finance, insurance, real estate and leasing	126.1	125.8	28.0	25.2	13.0	12.3	14.0	20.5	69.1	66.8	1.9	—
Professional, scientific and technical services	251.0	323.7	47.9	61.3	38.7	38.8	38.2	67.6	124.0	154.5	2.1	—
Management of companies and administrative and other support services	98.8	139.6	18.1	18.7	14.0	15.7	5.7	13.1	59.7	91.3	—	—
Educational services	36.8	46.0	3.7	2.1	1.6	2.8	1.9	4.7	29.4	36.4	—	—
Health care and social assistance	184.5	182.8	19.9	21.2	35.0	37.7	4.2	7.4	124.3	115.7	—	—
Information, culture and recreation	86.2	98.6	14.0	14.0	5.6	6.1	6.5	14.0	59.6	64.3	—	—
Accommodation and food services	91.0	98.5	39.7	41.2	25.5	25.4	5.9	6.4	16.5	22.5	3.4	3.0
Other services	196.5	225.3	33.8	36.0	22.7	26.3	14.8	22.1	123.2	138.9	2.0	2.0
Public administration	2.4	—	—	—	—	—	—	—	1.7	—	—	—
<i>Total Services-producing Industries</i>	<i>1 491.5</i>	<i>1 679.6</i>	<i>341.0</i>	<i>354.3</i>	<i>214.9</i>	<i>220.1</i>	<i>131.2</i>	<i>217.5</i>	<i>782.4</i>	<i>873.1</i>	<i>21.9</i>	<i>14.6</i>
Total — All Industries	2 168.8	2 309.1	491.9	506.4	320.7	298.7	189.5	308.0	1 109.4	1 161.5	52.2	28.2

Source: *Labour Force Survey*, Statistics Canada.

Note: The *Labour Force Survey* suppresses data if an estimate is below its release criteria level. Therefore, the data by industry may not add up to the national totals across worker categories, for all industries or all goods- or services-producing industries.

(continued on page 5)



ECONOMIC Snapshot

Data as of August 30, 2002

Canada's real Gross Domestic Product (GDP)...

increased at an annual rate of 4.3 percent in the second quarter, following a 6.2 percent growth in the first quarter. These were the strongest two consecutive quarters of growth in two and a half years. Domestic demand was boosted by strong consumer spending on services and increased business investment in machinery and equipment, which more than offset a small decline in residential investment. Imports were up substantially to satisfy domestic demand and the replenishing of inventories. On the income side, corporate profits continued to recover from their slump in 2001, while robust gains in employment pushed personal income up.

Monthly GDP data... showed that the economy lost some momentum toward the end of the second quarter. Real GDP at basic prices rose by 0.1 percent in June, the same as in May but down sharply from a solid 0.8 percent gain in April. In the goods sector, monthly GDP declined 0.1 percent in June, following a decline of 0.4 percent in May and a rise of 1.4 percent in April. In the services sector, monthly GDP slowed to 0.2 percent in June from 0.4 percent in May and 0.5 percent in April.

The economic outlook... is for continued growth, although analysts have recently been raising questions about the durability and strength of the North American economic recovery in the wake of slowing economic conditions. In the United States, real GDP growth fell sharply to 1.1 percent in the second quarter from 5.0 percent in the first. The August 2002 consensus of private-sector forecasts calls for growth in Canada to average 3.5 percent in 2002 and 3.7 percent in 2003.¹

Consumer spending... continued to grow solidly by 3.0 percent, reflecting strong income growth and led by spending on services. More than one quarter of the growth was accounted for by spending on recreational services. Sales of household furnishings and appliances were also up, reflecting a strong housing market. In contrast, purchases of motor vehicles fell, though they remained near record levels.

Housing investment... declined by 2.1 percent in the second quarter, following three quarters of substantial growth. The decline was largely due to a 37 percent fall in housing resale activity. This decline, along with other recent indicators such as building permits, housing starts and resales, suggests that the red-hot housing market is cooling off.

Business investment in machinery and equipment... continued to recover, rising by over 20 percent in the second quarter. Non-residential construction rose slightly, following three quarters of decline.

Corporate profits... jumped 45.4 percent, the second consecutive quarter of strong growth, after falling sharply in 2001. Gains were evident in the manufacturing, wholesale and retail industries, as well as in oil and gas. This growth bodes well for continued recovery in business investment.

¹ Based on *Consensus Forecasts*, published by Consensus Economics Inc. in the United Kingdom.

(continued from page 4)

decreased by 1 percent, while the number of unpaid family workers declined by 46 percent during the same period.

Table 3 also shows the industries in which self-employed workers were active over the five-year period from 1996 to 2001. Some 80 000 self-employed workers, almost all of whom were unincorporated, left agriculture. At the same time, self-employment increased in most other industries, most strongly in transportation and warehousing; management of companies and administrative and other support services; professional, scientific and technical services; and educational services. Another large influx occurred in the construction sector, with 40 000 additional self-employed workers. The categories of self-employed workers responsible for the increase tended to be those without paid help, whether incorporated or unincorporated. Notable exceptions to this trend were seen in transportation and warehousing and in professional, scientific and technical services, which registered large increases in numbers of self-employed workers with paid help whose businesses were incorporated, in addition to the increases in the number of self-employed workers without paid help.

BUSINESS Loans

Chartered bank loans outstanding¹ totalled \$94.8 billion in the first quarter of 2002, nearly unchanged from the \$94.5 billion recorded in the previous quarter but down from the \$102.2 billion recorded a year earlier. Of the total chartered bank loans recorded in the first quarter of 2002, small loans (less than \$500 000) accounted for \$20.2 billion, up slightly from the \$20.1 billion recorded in the fourth quarter of 2001. The percentage share of small loans in total loans outstanding also increased slightly, from 21.2 to 21.3 percent.

Medium loans (those between \$500 000 and \$5 million) accounted for \$30.3 billion of the total chartered bank loans recorded in the first quarter of 2002, marking a slight increase from the \$29.9 billion recorded in the fourth quarter of 2001. Similar to small loans, the percentage share of medium loans in total loans outstanding increased slightly, from 31.6 to 31.9 percent.

¹ Not including non-residential mortgages, agriculture loans, customer's liability under acceptances and other business loans.

(continued on page 7)

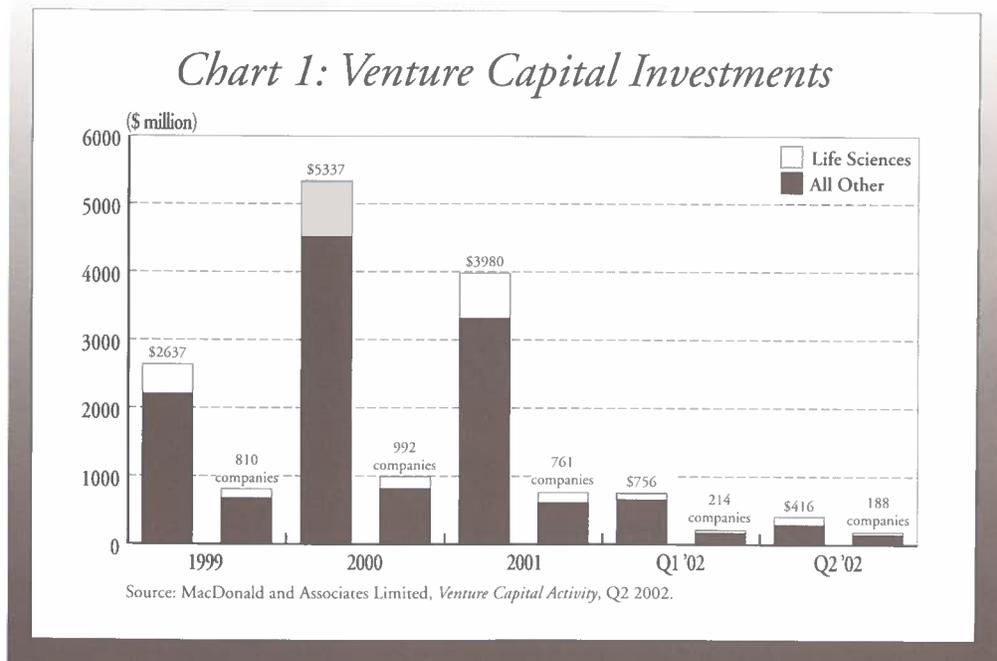


EQUITY *Financing*

Venture Capital Investments in the Second Quarter of 2002

The Canadian venture capital industry had investments totalling \$416 million in the second quarter of 2002 (Chart 1). This figure marks a 45 percent decrease from the \$756 million recorded in the first quarter of 2002 and a 69 percent decrease from the \$1.3 billion in the second quarter of 2001. The decreases reflect the recent turmoil in the stock markets and the steep decline in the participation of foreign investors (primarily American venture funds and strategic corporate groups), which invested only \$79 million in Canadian companies in the second quarter of 2002 compared to \$316 million invested in the same period one year ago.

The significant downturn in the Canadian venture capital industry mirrors the situation in the United States, where venture capital investment fell from US\$8.95 billion recorded in the second quarter of 2001 to US\$5.06 billion in the second quarter of 2002. The latter figure represents an 11 percent decrease from the first quarter of 2002 and marks the lowest level of venture capital activity since the third quarter of 1998.



(continued on page 7)

(continued from page 6)

Between April and June of 2002, the communications sector received considerably less attention from the venture capital industry and its foreign partners with only \$50 million invested compared to the \$360 million invested in the previous quarter (an 86 percent decrease), and the \$279 million invested over the same period one year ago. In contrast, the life sciences sector performed rather well. As shown in Chart 1, despite a 53 percent drop in absolute dollars invested between the second period of 2001 and the same period in 2002, a total of 40 life-science companies secured \$125 million in the second quarter of 2002. This represents 30 percent of the total capital invested during the period (Q2, 2002), with the result that life sciences replaces communications as the leading sector for venture capital investments.

BUSINESS *Bankruptcies*

The number of business bankruptcies fell 6.2 percent between the first and second quarters of 2002, from 2660 to 2495. Year-over-year bankruptcies decreased 8.5 percent from the second quarter of 2001 to the second quarter of 2002.

Despite the drop in business bankruptcies, the second quarter of 2002 saw the level of business liabilities involved in bankruptcies reach \$4.5 billion, an increase of 142 percent from the first quarter. In April 2002 alone, the logging and forestry, manufacturing, and business services industries each accounted for over \$1 billion of the total liabilities reported in the second quarter.

Quarter-to-quarter changes in the value of business liabilities have exceeded 61 percent, both positively and negatively, in all but one of the last five quarters. This exceptional volatility is also evident when looking at year-over-year changes, including a 133 percent increase in the second quarter of 2002 over the corresponding quarter in 2001.

Data as of August 30, 2002

(continued from page 5)

The current account surplus... was \$4.9 billion in the second quarter, \$0.4 billion lower than in the previous quarter. However, this was the tenth consecutive quarter that the surplus was above \$4.0 billion, a level never reached before 2000. A decrease in the goods and services surplus accounted for most of the decline in the second quarter. The merchandise trade surplus fell by \$0.2 billion to \$13.7 billion in the second quarter as imports rose faster than exports. The deficit on services rose from \$1.6 billion in the first quarter to \$1.9 billion in the second, largely due to a higher deficit for travel. The deficit on investment income fell by about \$0.2 billion, while the surplus on current transfers declined by about \$0.1 billion.

The July Business Conditions Survey... revealed a generally positive outlook for manufacturing activity in the third quarter. Over 90 percent of the surveyed manufacturers expected that their production levels would either increase or remain the same in the third quarter. Only 13 percent believed their inventories were too high and 14 percent expected decreases in employment.

Employment... continued to grow in July, although at a slower pace, as 23 000 jobs were created compared with an average monthly gain of 47 000 since last December. In total, 326 000 net jobs have been created in the first seven months of this year. Despite the robust employment growth in recent months, the unemployment rate has remained stable, moving in a narrow range of 7.5 to 7.7 percent since March, as improving labour market conditions have enticed more people to enter the labour force.

The Consumer Price Index (CPI) inflation... was 2.1 percent in July, up from 1.3 percent in June. The core rate of inflation, which excludes the most volatile components of the CPI such as some food items and energy, remained at 2.1 percent in July, near the mid-point of the 1 to 3 percent official target range.

The Bank of Canada... has raised its official rate by 25 basis points three times so far this year to 2.75 percent. In light of continued robust economic growth, the Bank of Canada is expected to continue to raise its policy rate gradually in an effort to limit the risks of inflationary pressures as the economy moves towards full capacity.

The Canadian dollar... has retreated in recent months to approximately US\$0.64 after rising to over US\$0.66 in early July, reflecting, in part, heightened uncertainty in global financial markets. A widening of the spread between Canadian and U.S. interest rates has supported the currency.

The Economic Snapshot is prepared by the Micro-Economic Policy Analysis Branch of Industry Canada. Please address comments to Hossein Rostami at 613-995-8452 or at rostami.hossein@ic.gc.ca

RECENT *Developments*

Angel Investor Research Workshop

As part of the government's response to the MacKay Task Force Report on the future of Canada's financial services, Industry Canada, along with Finance Canada and Statistics Canada, was mandated to analyse the state of SME (small and medium-sized enterprise) financing in Canada. As part of the SME Financing Data Initiative, there is considerable interest in learning more about the role angel investors play in early-stage financing.

On October 5, 2002, Industry Canada hosted an Angel Investor Research Workshop in Ottawa. The primary goal of the workshop was to develop a research protocol for quantifying the actual and potential financial contributions of angel investors

to Canadian businesses, as well as the significance of these contributions. The protocol will guide research in the area of angel financing by Industry Canada and its partnering departments over the coming years.

Previous work commissioned by Industry Canada on angel investors is available at <http://strategis.ic.gc.ca/fdi>

APEC's 9th SME Ministerial Meeting: "Expanding the Benefits of Cooperation"

Industry Canada participated in the 9th Asia-Pacific Economic Cooperation (APEC) Small and Medium-sized Enterprise Ministerial Meeting (SME MM) in Acapulco, Mexico, August 22–25, 2002. As in previous years, three events took place in conjunction with the SME MM: the Women's Leaders Network Meeting, August 20–22, 2002; the 15th SME Working Group Meeting, August 22–23, 2002; and the SME Business Forum, August 18–23, 2002.

Mexico's theme for the 2002 SME MM was "Expanding the Benefits of Cooperation." The three North American economies led the discussion on the SME MM sub-themes with ministerial papers on Regionalism (Canada), Policy Environment (Mexico) and Sustainable Growth (U.S.).

Micro-enterprise development has been a priority for Mexico in 2002. To help APEC economies address this issue, a High-Level Meeting on Micro-Enterprises (HLMME) took place August 17–18, 2002. Participants in the HLMME identified common policy principles that would contribute to the growth of micro-enterprises and build their capacity to participate in international trade. Work on these policy issues will continue to be part of APEC's SME agenda through the SME Working Group.

Further information on the HLMME, SME MM and related meetings may be obtained at www.apec2002.org.mx

Small Business Quarterly Small Business Policy Branch

The *Small Business Quarterly* (SBQ) provides a quick and easy-to-read snapshot of the recent performance of Canada's small business sector. The SBQ is published by the Small Business Policy Branch of Industry Canada.

Please send your comments to the editor:

Prichya Sethchindapong
E-mail: sethchindapong.prichya@ic.gc.ca

Small Business Policy Branch
Industry Canada
235 Queen Street
Ottawa ON K1A 0H5
Tel.: (613) 954-5494
Fax: (613) 954-5492

Permission to Reproduce. Except as otherwise specifically noted, the information in this publication may be reproduced, in part or in whole and by any means, without charge or further permission from Industry Canada, provided that due diligence is exercised in ensuring the accuracy of the information reproduced; that Industry Canada is identified as the source institution; and that the reproduction is not represented as an official version of the information reproduced, nor as having been made in affiliation with, or with the endorsement of, Industry Canada.

For permission to reproduce the information in this publication for commercial redistribution, please e-mail: Copyright.Droitsdauteur@pwgsc.gc.ca

ISSN 1205-9099

53734B



10% recycled material