



Foreword


Small and medium enterprises (SMEs), which have over the years provided the foundation for Taiwan's economic development, account for 97.8% of all enterprises in Taiwan, and 77.2% of all employed persons in 2004. In the past, SME business owners traveled throughout the world. Speaking English with a strong Taiwanese accent, and never admitting defeat, they demonstrated the energy and persistence of the Taiwanese. The Taiwanese SMEs of the future will not only retain these qualities, but will also be enterprises characterized by innovative thinking that are able to meet the challenges of the New Economy. SMEs are more than just the creators of Taiwan's economic miracle; they have become the ultimate symbol of the Taiwanese spirit.

Taiwan's SMEs recovered from the global economic downturn that began in 2001 even stronger than before. As of 2004, the number of SMEs in Taiwan had risen to 1,164,000, up 1.54%. These enterprises employed 7,553,000 people, representing an increase of 1.72% compared to 2003, and their combined sales in 2004 exceeded NT\$9.35 trillion, up 7.4%. Not only do SMEs continue to function as the foundation for Taiwan's economic development, they also play an important role in the maintenance of social stability.

In the future, Taiwan's SMEs will need to build on the strengths that they have developed in the past, to achieve the vision of "a high-value-added Taiwan with global logistics capabilities that span the globe." The government will be helping business enterprises by ensuring that the necessary resources are available and that the overall business environment is conducive; SMEs will find that the government is behind them every step of the way.

In this volume of the *White Paper on SMEs*, Part One describes the development of SMEs from all perspectives in 2004, which includes a comparison with their performance in previous years, and with the performance of large enterprises. A comparison of 15 economies in terms of major SME indicators is also provided.

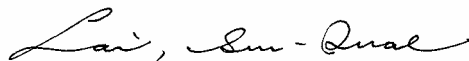
In Part Two, three special topics are tackled through in-depth analysis. They are the guidance policy for the development of traditional and special local industries, the



development of SME supply chains to the target market, and a review of SMEs' opportunities in service industries.

In Part Three, the major government policies and measures relating to SMEs are discussed, along with their resulting effects over the past year. This section concludes with an examination and discussion of the prospects for future SME policies. The Appendix to this volume also provides, for reference purposes, important SME statistics covering the last decade.

Providing guidance to support the development of SMEs is a long-term effort. To witness the development of SMEs in Taiwan, since 1992, the Small and Medium Enterprise Administration has published the *White Paper on Small and Medium Enterprises in Taiwan* on an annual basis, with an English version being published since 1998. It is hoped that the *White Paper* gives readers both in Taiwan and overseas a better understanding of Taiwan's SMEs, while at the same time providing a useful reference work to assist SME managers in their decision-making. Your comments on the content of the *White Paper* would be most welcome.



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