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SUMMARY REPORT
37th Meeting of the APEC SMEWG
Plenary Session
Nusa Dua, Bali, Indonesia
4-5 September 2013

Introduction

The 37th Small and Medium Enterprises Working Group (SMEWG) Meeting was held in Nusa Dua, Bali, Indonesia, on 4-5 September 2013.

The meeting was attended by representatives from Australia; Brunei Darussalam; Canada; Chile; the People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; the Philippines; Russia; Singapore; Chinese Taipei; Thailand; the United States; and Viet Nam. Macao, China was represented as an observer economy. Representatives from the APEC Business Advisory Council and the Inter Pacific Bar Association were present as guests.

The meeting was chaired by Dr. Wimonkan Kosumas Deputy Director, Office of Small and Medium Enterprise Promotion, Thailand.

Welcome and Opening Remarks

The Chair and Mr. I Wayan Dipta, Deputy Minister of R&D for Cooperatives and SMEs Resources, Ministry of Cooperatives and SMEs welcomed the delegates to Nusa Dua, Bali, Indonesia for the 37th SMEWG Meeting.

Administrative and Logistic Arrangements

Indonesia outlined administrative, security and logistical arrangements for the meeting and peripheral activities.

Adoption of Agenda

All member economies endorsed the agenda.

Invitation for the Summary Report Drafting Committee

The Chair invited SMEWG members to join the Summary Report Drafting Committee.

Review Progress of the 2nd SMEWG Strategic Plan (2013-2016)

The Chair reviewed progress made by member economies on the 2nd SMEWG Strategic Plan and noted programming gaps and emerging issues for member economies to focus on. The APEC Secretariat reported that the SCE 3 Meeting had instructed subfora to further revise their strategic plans to make the objectives clearer and KPIs more measurable.

The Chair suggested a breakout session to work on a revised vision/mission; Singapore and the United States stated that revisions may require more thought and time and should be considered inter-sessionally. The Chair then recommended meeting with an external consultant to better define what kind of revisions are needed, which member delegates agreed. The Chair also suggested establishing more measurable KPIs and asked member economies whether they wanted to work on this issue at the SMEWG session or inter-sessionally. Singapore suggested using the breakout session as a time for discussion to begin to

52 form some consensus on which direction to take on this issue. Chinese Taipei, the previous SMEWG
53 Chair, however noted that the SCE approved the Strategic Plan in 2012 with the given KPIs .
54

55 The APEC Secretariat clarified that the after SCE hired a contractor to review all strategic plans, they
56 agreed with the contractor’s proposal to request all subfora make further revision. The request was sent to
57 all SCE subfora, not specific to SMEWG. The group then agreed to have champion economies (Priority
58 Area 1: Chinese Taipei and USA; Priority Area 2: Indonesia, Malaysia and USA; Priority Area 3:
59 Singapore and USA) work inter-sessionally to define clearer KPIs in response to SCE requests.
60

61 **Report on Recent Developments at SOM3**

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63 Mr. Tuan, APEC Secretariat Program Director, reported on relevant developments at SOM3, SCE 2, CTI
64 3, and EC 3 in Medan, Indonesia in July 2013.
65

66 Mr. Tuan elaborated on the position of SMEWG within the wider APEC context, clarifying the
67 expectations on the SMEWG including Leaders’, Ministers’, SOM, SCE instructions; APEC host year
68 priorities, ABAC recommendations; and the potential for collaboration with other fora on crosscutting
69 issues. He highlighted other emerging areas that SMEWG can consider for incorporation into future work
70 plans and project implementation. These include: the APEC Supply Chain Connectivity Framework; the
71 implementation of the Leaders’ commitment on Environmental Goods and Services ; two initiatives by
72 Indonesia SOM Chair, namely, the Multi-year Plan on APEC Connectivity, and the Multi-year Plan on
73 Infrastructure Development and Investment (MYPIDI).
74

75 The Chair thanked Mr. Tuan for pointing out new emerging areas that are of interest. She asked Mr. Tuan
76 to elaborate) on how the SMEWG should begin to address these. Mr. Tuan said that the list of
77 recommendations is to help SMEWG see the wider context of APEC and potentials for contribution and
78 collaboration beyond the current work plan. It is not compulsory but rather a proposed “buffet” of choices
79 for initiatives and project ideas. He advised that the SMEWG should continue to focus on the ongoing
80 work, revising the strategic plan as requested, and responding to the instructions from the upcoming SME
81 Ministerial Meeting and the APEC Economic Leaders Declaration by the end of this year.
82

83 **Report on SMEWG Endorsed Projects in 2013**

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85 Mr. Tuan reported on SMEWG endorsed projects in 2013. Mr. Tuan reported that SMEWG has
86 completed 9 projects and that 8 more projects will be implemented in 2013-2014, which makes the
87 SMEWG one of the most active working groups under SCE. Mr. Tuan stated that the Session 3 deadline
88 is September 4 and noted that 5 concept notes have already been submitted. He also advised member
89 economies on key concept note guidelines and important future dates.
90

91 **APEC SME Monitoring Index**

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93 The Chair reported on the preliminary findings of the APEC SME Monitoring Index, listing two purposes
94 for the index: updating APEC-wide statistics on SMEs, and identifying gaps in SME policy between
95 member economies. Results from the index survey (which were gathered after the 36th SMEWG Meeting)
96 were presented, including key statistics and flaws in methodology. The Chair also presented suggestions
97 for continued work on the index, including looking to Japan’s SME White Paper on SME Development
98 and the EU’s SME monitoring index. The Chair noted that it may be useful to contract an independent
99 consultant to determine the best way to assess which indicators to have and how best to collect them.
100

101 Canada noted that conclusions should not be made on the statistics that are collected given that economies
102 collect statistics differently, use different definitions/assumptions to collect the metrics, and have different

103 priorities; Canada also stated that it may be more useful to choose two or three indicators that adhere to a
104 common APEC standard and demonstrate the importance of SMEs; this may be more feasible than the
105 large amount of information presented in the current index results.

106
107 Indonesia stated that the statistics should be measured according to a common timeframe so that the data
108 gathered is comparable. Indonesia also noted that any index would require annotations that describe the
109 assumptions made in collecting the data and the data presented.

110
111 Singapore agreed with Canada and added that the total number of SMEs may not be a useful benchmark
112 for indicating SME policy effectiveness. Agreeing on a few key indicators which can validate the growth
113 of SMEs as suggested by Canada would be more useful.

114
115 The APEC Secretariat strongly encouraged SMEWG to continue work on this initiative including
116 considering applying for an APEC-funded project in 2014, since an index can identify differences or
117 potential areas of work for SME organizations. Having an index would better align the SMEWG with the
118 SCE priorities and would have a long-term impact. The APEC funded project will enable SMEWG to hire
119 a consultant to analyze the best way to conduct a survey and what metrics should be used.

120
121 ABAC highlighted the difficulty to compare statistics because of the different metrics used by economies.
122 Because this is a core interest and would need to be continuously updated, it would be better to keep this
123 exercise within APEC and assign it to the PSU. One major problem that needs to be addressed is the
124 definition of SMEs, particularly the difference between manufacturing and services SMEs. ABAC also
125 stated that the absence of the largest APEC economies within the index could be an advantage because
126 those economies' statistics can skew the results of the index, making it difficult to extract trends about
127 smaller APEC economies. An added point was that the way SMEs' internationalization is measured could
128 drastically change the results of that statistic.

129
130 The Chair noted that the EU methodology was altered to deal with some of the issues brought up by
131 member economies and guests. Having a metric is necessary as a means of communicating the
132 importance of SMEs in the APEC region. The Chair suggested various metrics that could serve as a basis
133 for a future index, including the proportion of SMEs per thousand population, percentage contribution to
134 employment, percentage of SME contribution to exports, percentage share of total business population,
135 and percentage share of GDP.

136
137 Canada agreed with the Chair in choosing percentage share of SMEs in GDP, percentage of SMEs to total
138 businesses, share of total employment. Canada also stated that the SME population density was a statistic
139 that was too complicated to convey the required message effectively.

140
141 Singapore stated that the percentage share of SMEs' contribution to GDP would also be a good metric to
142 measure the importance of SMEs to the economy.

143
144 Japan added that it was necessary for all economies to contribute towards gathering the chosen statistics
145 for them to be useful. The Chair stated that the difficulty of gathering statistics on some data points makes
146 the index less effective; for this reason it is important to find metrics that can be gathered by all
147 economies.

148
149 Malaysia stated that it was necessary for the chosen metrics to adhere to the SME Working Group
150 Strategic Plan, or else they would be difficult to monitor and track. It would also be useful to compare the
151 methodologies used by other economic bodies like the OECD and to compare statistics with those
152 organizations.

153

154 On the second day of the SMEWG Meeting, the Chair presented an updated indicator list reflecting
155 comments made by the SMEWG member economies the previous day.

156

157 ABAC noted that it is extremely important for the index to make a distinction between services and
158 manufacturing SMEs, and that all economies need to be able to report the statistics to make the index
159 useful.

160

161 Indonesia commented that it would be difficult to obtain all the data requested because it is collected by
162 various government departments and would thus be hard to coordinate. Indonesia recommended that the
163 index instead reflect the goals of the SMEWG Strategic Plan. The Chair responded that there should be a
164 threshold for how many economies need to respond for the data to be published.

165

166 Canada reaffirmed its statement that the indicators need to be easily understandable and that some of the
167 statistics suggested like government support for SMEs can be interpreted differently by governments
168 depending on their own priorities.

169

170 Australia agreed that the index should include only a few indicators that can be collected by all
171 economies.

172

173 Singapore noted that the indicator on percentage of SME contribution to export may be difficult for
174 economies to measure, and recommended that percentage of SMEs that export would be clearer.

175

176 Canada agreed with Singapore and added that indicator on loans was not useful since economies handle
177 SME loans differently. Canada also added that making a distinction between manufacturing and service
178 SMEs was desirable.

179

180 Singapore stated that monitoring the number of IPR applications may not be feasible as some economies
181 may not measure such indicators.

182

183 The SMEWG adopted the following indicators: the percentage share of GDP, the percentage share of total
184 business population, the percentage contribution to employment; and the percentage share of SME
185 contribution to exports. The SMEWG also agreed that by 2016, the SMEWG would have established a set
186 of reliable indicators that can better measure the health of SMEs in various areas, such as
187 Internationalization.

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Emerging Issues

The Chair invited Australia, Indonesia and the United States to present on emerging issues.

APEC STAR (Services Trade Access Requirements) Database (Australia)

Australia presented information on the Services Trade Access Requirements, or STAR, database. This is an online tool that allows business owners in eight services sectors to obtain information about regulatory requirements in all 21 APEC economies. The services sectors covered are: financial; mining and energy; professional services; telecommunications; transport and logistics; education services, distribution; and computer and related technology services. Australia also invited SMEWG members to suggest ways to further publicise the database to SMEs in their home economies.

APEC Global Women’s Economic Empowerment Initiative (GWEE) (USA)

Ms. Tamuna Gabilaia of the World Federation of Direct Selling Association presented the “Global Women’s Economic Empowerment Initiative (GWEE).” Partnering with the Kelley School of Business’ School of International Business, local direct selling associations, and governments, the project is intended to support women’s entrepreneurs to build and sustain their businesses. Women are helped to develop support networks, via a six-week training course. These are localized to each market, and have messages from successful women entrepreneurs from various markets. When training is completed, women are ready to start or continue with their businesses. The training program is as follows: week one is market research, week two is regulation, week three is money management, week four is promotion, week five is persuasive communication, week seven is a graduation ceremony.

Proposed Work Plan to Enhance SME Global Competitiveness (Indonesia)

Indonesia discussed its Proposed Work Plan to Enhance SME Global Competitiveness, which is based on recommendations made by Leaders, Ministers, ABAC and APEC Women and the Economy Forum statements. These were incorporated into the strategic plan review presented by the Chair earlier in the SMEWG session.

Sharing Best Practices in Each Priority Area

The Chair invited member economies to share best practices and report on new projects related to each priority area.

Priority Area 1: Building Management Capability, Entrepreneurship, and Innovation

Roles of SMEs in the Creative Economy (Thailand)

Thailand’s creative economy in terms of exports is the fourth largest in the world among developing economies. The creative sectors in Thailand comprise Creative Originals, Creative Content, Creative Services, and Creative Goods and Products. 11% of the Thai economy is contributed by 12 creative industries. The Thailand framework for Competitiveness involves Creation, Production, and Commercialization at the top level. Creative Economy is a vital part of the 11th National Strategic Plan, which involves building a sound creative ecosystem. Thailand reviewed the various agencies involved in executing the Plan, including the NESDB, the Prime Minister’s Office, and the Thailand Creative

239 Economy Promotion Agency. She concluded by presenting the Next Steps for the national strategy
240 regarding creative economy.

241

242 Building Clients' Capability, Management, Entrepreneurship and Innovation (Indonesia)

243

244 Indonesia shared its efforts to build the capacities of SMEs across its diverse and geographically spread
245 population. Indonesia faces many challenges because of its diverse population, which makes it especially
246 difficult for SMEs to get access to finance. Indonesia has thus experimented with microfinance to
247 alleviate this issue, giving micro-loans and credit to SMEs. Indonesia has been successful in these
248 initiatives because of several key success factors, including making microcredit highly accessible and
249 ensuring that lending institutions cover their own costs and become sustainable. Indonesia's efforts to
250 build the capacity not only of SMEs but of the institutions that lend to them, combined with IT
251 implementation, has made this program successful and sustainable. Recognized as "the laboratory of
252 microfinance", Indonesia, with its BRI unit system, has played an important role in pioneering and
253 developing a successful sustainable program for MSME.

254

255 Catalyzing Entrepreneurship and SME Development (Malaysia)

256

257 Malaysia shared its initiatives in promoting entrepreneurship among youths and women. Malaysia has a
258 relatively small population, so it has promoted SME growth internationalization among SMEs as a means
259 of driving economic growth and pushing Malaysia towards its goal of reaching developed nation status by
260 2020. Under its evidence-based SME Master Plan, Malaysia has achieved major progress on addressing
261 the needs of SMEs. The master plan focused on four major goals: increase business formation, expand the
262 number of high growth and innovative firms, raise productivity, and intensify formalization. The plan
263 proposes 32 initiatives, of which 6 are high impact programmes. Outcomes are measured at macro-,
264 programme- and firm-levels to ensure progress is made on all priority areas.

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266 **Priority Area 2: Financing**

267

268 Financial Inclusion and MSME Programs in Indonesia (Indonesia)

269

270 The presentation addressed access to finance issues, financial inclusion, and MSME programs in
271 Indonesia. Indonesia pointed out that distribution of wealth was not equal throughout Indonesia's
272 diversified land mass and population. Despite the extraordinarily important role of MSMEs in Indonesia,
273 they are prevented from growing because of access to finance issues. Access to information is also a
274 major problem, with an educated minority given access to funds. Experience, psychological issues,
275 transaction costs, and skills were also major factors. Consumer protection and financial education are both
276 needed. Government banks must strike a balance between financial inclusion and prudent management.
277 Initiatives are underway to increase the engagement of low-income communities in entrepreneurial
278 activity. The initiatives for financial inclusion and MSME development are conducted through 6 pillars,
279 namely financial education, public financial facility, mapping on financial information, supporting policy
280 and regulation, intermediary/distribution facility and consumer protection.

281

282 **Priority Area 3: Business Environment, Market Access and Internationalization**

283

284 Hong Kong, China's Presentation on Assisting SMEs' Access to Global Markets (Hong Kong, China)

285

286 Recognising that internationalisation and export trade are important to the sustainable growth of the
287 SMEs, Hong Kong, China (HKC) has implemented a number of measures to assist SMEs' access to
288 global markets, including: Hong Kong Trade Development Council's work to connect SMEs with
289 overseas buyers through fairs and exhibitions, lead SMEs to explore global markets and provide market

290 intelligence; Hong Kong Export Credit Insurance Corporation’s Small Business Policy insurance plan;
291 and Trade and Industry Department’s SME Export Marketing Fund. In addition, various trade and
292 industry associations in HKC also organise different activities such as organising Hong Kong pavilion in
293 international fairs and study missions to overseas markets to assist their members, including SMEs, to
294 explore markets regionally and internationally.
295

296 SME Policy and Internationalization in Japan (Japan)

297
298 In order to promote SMEs’ globalization, Japan introduced its brand new measures of “SME Overseas
299 Business Support Platforms” which have been established in 10 economies. Coordinators retained at each
300 platform consult with Japanese SMEs about legal and accounting issues or introduce them to proper
301 persons. Japan stated that SME policies need to be developed according to the context of its economy.
302 Given this, Japan has continuously revised its SME policies after the end of the World War II at three key
303 turning points: the establishment of the SME Agency, the enactment of the SME Basic Act, and the total
304 revision of the SME Basic Act.
305

306 Internet Regulation and the Impact on SMEs: the Good, the Bad, and the Uncertain (USA)

307
308 The United States addressed the internet industry and connectivity in the context of SMEs. It identified
309 areas in which connectivity has led to business opportunities for SMEs. The internet, and the services it
310 enables such as cloud computing and e-commerce, has never been more important for conducting
311 business. However, the increased use of the internet for commerce and data exchange has raised questions
312 about the legal implications, particularly privacy, for cross-border information flows. Regulators are
313 beginning to enact and revise laws regarding privacy, but these laws are not harmonized internationally,
314 leading to inefficient outcomes. Given the importance of the internet to SMEs, APEC should look at
315 extending the APEC cross-border privacy rules system beyond its current members of the US, Mexico
316 and Japan and the possibility of harmonizing privacy and information storage legislation. Government
317 and concerned authorities should engage with service providers to cooperate on this process.
318

319 Increasing Outreach to Micro and Small Enterprises: The Singapore Experience (Singapore)

320
321 Singapore shared that ninety-five percent of Singapore SMEs are micro and small enterprises. In 2012,
322 more than 117,000 SMEs in Singapore were assisted through government assistance schemes. It is
323 therefore important to strengthen service delivery and outreach to micro and small enterprises. Singapore
324 presented on how she reinforced infrastructure through enhancing SME centers to meet this objective.
325 Singapore will continue to work with key partners and stakeholders to map out a comprehensive plan to
326 reach out to more SMEs geographically.
327

328 Development of the Export-Oriented SMEs Support System (Russia)

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330 Russia is committed to support its SMEs in internationalization. It provides export insurance, federal
331 finance, integrated foreign economic information, and a roadmap to support export and global market
332 access. Several agencies are involved in this cooperative effort to assist Russian export-oriented SMEs
333 reach international markets. Thirty-four National Regional Centers on Promoting Export-Oriented SMEs
334 constitute a key regional network of centers to support the export of Russian goods and services. They
335 provide market research, exhibition organization, export contract maintenance, meeting organization,
336 foreign market review, and export SME information promotion. Results have been excellent, and further
337 activities will expand and increase the role of the centers, which will be included into a global network,
338 including information on foreign investment.
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340 **SME Participation in Global Value Chains**

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SME Participation in the Global Value Chain (Australia, USA)

Australia introduced the SME Participation in Global Value Chain project by presenting some key points from the scoping paper that were developed by the United States and Australia. The project builds on the Policy Support Unit's paper on SME participation in global production chains, which listed various barriers to entry. Australia discussed a proposed series of workshops on topics such as intellectual property protection, cross-border regulations, evolving and complex product standards and human resource issues. Australia invited members to consider sponsorship of one of the workshops.

USA added that the first workshop would bring together supply chain managers and SME owners to discuss engagement across the supply chain. Logistics managers and financing agencies will also have a role in contributing to the discussion on how SMEs find funding, plan for supply chain eventuality, and capitalize on the growth of global supply chains. Agriculture, electronics, food processing, handicrafts, automotive and other industries suggested by the SME Working Group will all be included in this workshop, which will take place on the margins of the next SMEWG, namely in Taichung, Chinese Taipei.

The Chair introduced Bernardine Zhang of PSU and stated that PSU, ABAC and SMEWG should continue to focus on this issue. She added that this should be a multi-year project, and should address procurement. Ms. Zhang stated that it has collaborated with CTI on global production chains and would look forward to continue cooperating with CTI and SMEWG on this issue.

Development of All in One Electronic Supply Chain (ABAC)

ABAC presented on the development of the All in One e-Commerce Platform which consolidates most important business operations including the setting up of stores, showcasing products and services, making use of marketing to attract buyers, handling customer enquiries, completing entire transaction, and take care of logistics, custom declarations, customer service, and other business services, and even include micro- financing from the banks. It helps SMEs to lower entry barriers for startups, reach billions of customers in over 200 countries worldwide, lower operating costs, shorten the supply chain by eliminating the middlemen, shorten the business cycle, speedup turnovers, improve business margins, and improve cash flow, which are all crucial elements for SMEs.

Factual data and many solid success stories in China provide evidence that e- Commerce contributes a lot to the economic growth of the China economy. Today, over 9 out of 60 millions of SMEs are working on the e- Commerce Platform in China, which contributes to 5- 6% of the overall retail sales last year. More than 18 million jobs were created both directly or indirectly related to e- Commerce.

Traditionally, challenges for the bank financing towards SMEs include small returns, high risks and lack of data. A trusted electronic platform provides good solution because it records all historical transaction data of both buyers and sellers. These accurate information provides accurate data for client assessments, and minimize the time and costs of operations for the banks, making automation possible and easily accessible on the electronic platform too. Cooperation between the banks and these trusted platforms are already happening in China and new innovative financial products are being seen in the market, with a quarterly volume already reaching over ¥11 billion.

ABAC also discussed the importance of SME summits as a venue for providing opportunities for Government officials to understand the needs of the private sectors, and for SMEs to learn from SMEs

390 too. As a summary, leveraging ICT and e-Commerce platforms provide best solutions to the identified
391 SME priorities, and should be regarded as an important direction of the future policies from APEC.

392
393 ABAC further commented that most of the discussions at the SMEWG meeting has focused on
394 manufacturing SMEs, while most SMEs are services companies. The activities that are done along the
395 global production chain make up the majority of business transactions; governments focus too much on
396 the promotion of products, and should instead focus on the promotion of services. The Chair agreed that
397 the service sector is often neglected in policy discussions. The OECD and the EU have observed that
398 when economies internationalize, it is the service sector that internationalizes first. The Chair added that
399 APEC has not been able to move as rapidly in this direction.

Access to Trade and Growth of Women’s SMEs in APEC Developing Economies

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403 Ms. Carol Yost, representing the Asia Foundation, invited member economies to join a presentation of an
404 Asia Foundation report entitled “Access to Trade and Growth of Women’s SMEs in APEC Developing
405 Economies” following the end of the afternoon session. The activity also included a panel discussion of
406 women entrepreneurs from the APEC region.

Legal Assistance for SME Internationalization and Possible Collaboration between APEC SMEWG and IPBA (IPBA)

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411 Mr. Yoshiaki Muto, Chair of SME Outbound Legal Support Working Group, Inter-Pacific Bar
412 Association (IPBA), presented on ways that IPBA is assisting SMEs to internationalize, particularly on
413 the Japanese Bar Association (JBA) initiatives to resolve legal obstacles for cross-border businesses. The
414 JBA provides different forms of assistance for SMEs looking to do business abroad, including through
415 creating a cross-border referral network SME lawyers, collaboration with SME support organizations in
416 Japan, and knowledge sharing and professional development.

417
418 The IPBA also discussed possible forms of collaboration with the SMEWG, including the potential of a
419 small group meeting held intersessionally to discuss more IPBA involvement. ABAC expressed interest
420 in learning about ways to provide more legal assistance more to SMEs, but noted that legal aid for SMEs
421 is by nature specific to each country. ABAC also noted that the STAR Database discussed by Australia
422 could serve as a source of legal information for SMEs looking to work abroad.

423
424 The Chair recommended that ABAC, IPBA and the SMEWG hold a small meeting intersessionally to
425 discuss potential avenues for collaboration on providing legal assistance to SMEs.

426
427 Malaysia discussed some of its own initiatives for legal assistance for SMEs and stated that these could be
428 replicated more broadly. Singapore commented that providing legal assistance for cross-border business
429 is a good idea, since SMEs do not have the resources of larger companies in contracting trusted legal
430 firms; the compendium of law offices provided by IPBA is very useful in this regard.

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432 The SMEWG endorsed the Chair’s proposal to hold an intersessional meeting with IPBA and ABAC.

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SMMEs and Entrepreneurship Working Group Meeting Report by APEC Business Advisory Council (ABAC)

The ABAC SME Working Group has focused discussions in three priorities, with the aim of identifying policy recommendations. ABAC supports policy development in (i) promoting creation of new businesses and new business models through innovation; (ii) facilitating the use of ICT technologies to empower SME access to the international markets; and (iii) promoting sustainability of businesses, and in particular, in SME's access to finance. The ABAC SMEWG tackles the three most common barriers to the growth of SMEs, which are (i) entrepreneurship and innovation; (ii) access to international markets; and (iii) access to finance.

The ABAC SME Working Group is committed to further promote participation of women and young people in business. In addition, the practical experience of e-Commerce development in China has brought substantial results and has become the catalyst of economical growth in the China economy, which is supported by factual data and solid successful stories. The electronic platform has caused dramatic change in the global supply chain, and created many opportunities for jobs and entrepreneurs. Today, over 9 million SMEs are working on the e-Commerce platform, which takes up about 5-6% of the overall retail sales in China. It solves many issues for the SMEs, such as startups, replaces many business operations, shortens supply chain, speedup turnovers, improve business margins and cash flows. In addition, e-Commerce also brought new style of micro-financing to the SMEs, and even created new businesses for banking. SME summits are recommended to bridge the public and private, and provide excellent opportunities for the Government to understand the real needs of the SMEs, not excluding the opportunities for SMEs to learn from each other, or collaborations between different economies.

Chinese Taipei thanked ABAC for its contribution and looks forward to further cooperation with ABAC on their Startup Accelerator.

The Chair mentioned the United States' Trade Finance Compendium and a number of other initiatives that have dovetailed with those of ABAC, particularly on trade finance and global supply chains.

Mr. Tuan noted the support of ABAC's in several SMEWG's projects, and pointed out areas in which ABAC could further enhance, such as creating more linkage between the ABAC's SME Summits with the APEC officials

Malaysia has also been encouraged by ABAC's work. The government can only facilitate but it is the private sector that must be in the driver's seat.

Mr. David Dodwell (ABAC) agreed that APEC SMEWG and ABAC SMEWG should collaborate more closely in order to move their mutual business forward. The ABAC forum will consider proposals for chairs of all the ABAC Working Groups to attend ISOM, in order to make sure that ABAC priorities are fed as quickly as possible into the APEC agenda for the coming year. ABAC committed to echo the APEC SMEWG's priorities at that level, in order to harmonize our activities. He will recommended that ABAC invite not only senior officials but also key working group chairs including SMEWG Chair to the ABAC 1 Meeting next year to exchanges ideas of agenda and priorities of the two groups and work toward greater convergence.

Mr. Tuan commented that ABAC and APEC SMEWG need to exchange information with each other in order to make our work more complementary. APEC projects that receive ABAC support are always more dynamic and Mr. Tuan would like to see more ABAC's involvement with other SMEWG's projects.

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486 The Chair added that ABAC should certainly be involved in the upcoming Global Supply Chain Project.
487

488 **Progress Report on APEC SMEWG Projects of Each Priority Areas under APEC SMEWG**
489 **Strategic Plan 2013 – 2016**

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491 APEC Seminar on the Dynamics of SME: Informality and Women Entrepreneurship (Indonesia)

492
493 The APEC Workshop on The Dynamics of SME: Informality and Women Entrepreneurship was
494 successfully conducted in 2-3 September 2013 in Nusa Dua Bali. The workshop was attended by 64
495 participants from 14 member economies and was organized by Indonesian SMEWG/R&D for
496 Cooperatives and SMEs Resources, Ministry of Cooperative and SME, with the Center for Industry, SME
497 and Business Competition Studies University of Trisakti as the co-organizer. Invited speakers presented
498 their ideas and thoughts about factors determining the dynamics of SMEs and their key constraints and
499 some key issues related to women entrepreneurship. The seminar also covered specific actions
500 governments in APEC member economies can take on this issue, and provided a list of specific
501 recommendations for SME policymakers.

502
503 SME Seminar on Cross Border Trade (CBT) in APEC Region (Indonesia)

504
505 The APEC Workshop on Cross Border Trade in APEC Region will take place in February 2014 in Bali,
506 Indonesia. The workshop will be organized by the Indonesian SMEWG/R&D for Cooperatives and SMEs
507 Resources, Ministry of Cooperative and SME in cooperation with the Center for Industry, SME and
508 Business Competition Studies, USAKTI. It will address key issues related to SMEs' involvement in CBT
509 in the region, focusing specifically on key constraints for doing business across borders.

510
511 Mr. Tuan noted that this kind of project is very useful and he sees great potential for ABAC involvement.
512 The view was seconded by the Chair, saying that perhaps ABAC could participate in Indonesia's planned
513 workshop in February. ABAC responded by saying that February would be too close given the ABAC 1
514 and SOM cluster meetings that will occur in February. The matter will be discussed further as plans on
515 both side are finalized.

516
517 Leveling the Playing Field (Chile)

518
519 Chile emphasized their high growth rate and high GDP, which is the highest in Latin America. Inflation
520 has been controlled. In terms of entrepreneurship and innovation, Chile has implemented a program called
521 "Bee Capital" which is a funding program that provides non-repayable grants to women entrepreneurs for
522 amounts ranging from 1000 to 6000 USD. The program has already funded 2,600 women for their
523 business projects. Chile has also implemented changes in procedures that have reduced the amount of
524 work needed to start and formalize a business. Chile also provides legal assistance to SMEs and has
525 prioritized innovation among SMEs. There have also been efforts to institute regional entrepreneurship
526 centers and OVOP-type activities throughout the country.

527
528 Green Technology Initiative: Establishing Green Technology Innovation Network to Support SME
529 Development (Indonesia)

530
531 Indonesia spoke on its Green Technology Initiative, which aims to carry out the recommendations made
532 by the 2011 APEC International Training and Workshop on Green Technology Business Incubation in
533 Indonesia to develop a green technology network that would benefit SMEs in the region. The network
534 would support interactions between green technology-based SMEs and technology innovation providers;

535 it will also provide an avenue for sharing best practices on the promotion and development of green
536 technology-based SMEs in APEC economies.

537

538 APEC Green Business Forum (Korea)

539

540 Korea reported on the APEC Green Business Forum that was held in Bali, Indonesia in September 2013.
541 The forum follows up on APEC Carbon Labeling Workshop held in March 2013 and was attended by 49
542 participants from 16 member economies. The project focused on ways for SME policymakers to provide
543 an enabling environment for SMEs by raising awareness about the global green supply chain and closing
544 the capacity gap in carbon labeling schemes in APEC.

545

546 Workshop on Promotion of New Business by Women’s OVOP (Japan)

547

548 Japan held the “APEC Women’s OVOP Seminar” on Tuesday, 3 September 2013. The seminar aimed to
549 disseminate ideas/information on how to facilitate women’s entrepreneurship with the use of the “One
550 Village One Product (OVOP)” method. In the seminar, Japan made a report on the result of the “OVOP
551 movement utilizing women’s possibilities” survey, which Japan conducted for the seminar, highlighting
552 the best practices of women’s OVOP groups. Then, experts from different sectors were invited to share
553 their experience and views on key success factors of facilitating women’s entrepreneurship.

554

555 Business Ethics Compliance Train-the-Trainer Workshop and Workshop on Stakeholder Awareness for
556 the Healthcare sector (USA)

557

558 This year the "Business Ethics for APEC SMEs" initiative held two events: 1) a train the trainer with 125
559 trainees, creating ethics champions and change agents who will return to their home economies and carry
560 out local ethics training; and 2) a high-level meeting that convened key stakeholders critical to creating an
561 ethical healthcare ecosystem (leaders from physician and hospital organizations, anti-corruption agencies,
562 health ministries and health regulatory agencies, industry) to build awareness for the high standard APEC
563 principles for codes of ethics (the KL and Mexico City principles). The high-level group issued a "Bali
564 Statement," calling on APEC to carry out sustained capacity building and dialogue on business ethics
565 issues for all healthcare stakeholders by creating an ongoing "APEC Business Ethics Forum" to foster
566 regional cooperation. In addition, the Initiative's public-private monitoring groups reported that over 15
567 associations across the APEC region created or updated a codes of ethics this year that are aligned with
568 the high standard APEC principles.

569

570 The Chair noted that she would showcase this initiative during her interview with CNBC after the
571 Ministerial Meeting.

572

573 Directory of initiatives available in APEC Economies to Assist SMEs’ access to Global Markets
574 (Australia)

575

576 Australia gave a presentation on the directory of initiatives APEC economies have in place to assist their
577 SMEs’ access global markets. This can be either as a direct exporter of goods and services or as part of a
578 global value chain. Australia noted that nine economies have already contributed to the directory and
579 issued a further invitation to other economies that would like to participate. Information should be
580 submitted by 30 September 2013.

581

582 APEC Startup Accelerator Initiative – Startup Leadership Summit (Chinese Taipei)

583

584 Chinese Taipei reported on the “APEC Startup Accelerator Leadership Summit 2013” and the “Intel
585 APEC Challenge”, and extended appreciation to member economies for the active support and

586 participation. Chinese Taipei also proposed an “APEC Accelerator Network” concept note to establish a
587 stronger backup of regional resources, which startups can benefit from more in terms of cross-border
588 incubation, mentorship, early-stage investment, and business matching. The 1st phase of the APEC
589 Accelerator Network will establish a forum to be held back to back with the 38th SMEWG Meeting in
590 March, where the 2nd phase of the project will host a start-up competition in August, 2014 in Chinese
591 Taipei.

592
593 Improving Natural Disaster Resilience of APEC SMEs to Facilitate Trade and Investment (Chinese
594 Taipei)

595
596 Chinese Taipei reported on the APEC Train-the-Trainer Workshop on Promoting SME Business
597 Continuity Planning held on August 5th to August 9th, 2013, in Chinese Taipei, as a part of its multi-year
598 project to enhance SMEs’ natural disaster resiliency. Chinese Taipei also presented the “Guidebook on
599 Promoting SME BCPs” as one of the key deliverables of the project for 2013. Chinese Taipei announces
600 the APEC High Level Policy Dialogue on Resilient SMEs for Better Global Supply Chains will be held
601 back to back with the 38th SMEWG Meeting in Chinese Taipei, and looks forward to active participation
602 by member economies.

603
604 The Chair commented that 200 Thai SMEs would be consulted on their BCPs in the coming year, and
605 hence it would be valuable to have Chinese Taipei’s commentary on their current progress for the CNBC
606 interview.

607 608 **Statements from Observer Economies**

609
610 Macau, China

611
612 Macau, China expressed its appreciation to the SMEWG for its work on SMEs and provided an overview
613 of SMEs and government policy regarding them in Macau, China. The Macau Financial Services assist
614 SMEs with financial difficulties by providing loans and loan guarantees. The Macau CPTM’s knowledge
615 and capacity building centers also provide services to SMEs. The Macau Environmental Bureau provides
616 funds to SMEs to assist them to upgrade their premises and lessen costs from their daily operations.
617 Besides the government support in these areas, Macau SMEs are confronted with the challenges of hiring
618 in competition with MNCs. International hotels, for instance, snap up large numbers of potential SME
619 employees, as well as forcing them out by pricing from central areas of Macau. The rising cost of
620 operations is also a major problem for Macau SMEs, with rentals rising 2-3 hundred percent over the last
621 few years.

622 623 **Report on Preparations of the 20th APEC SME Ministerial Meeting and the 1st APEC Joint** 624 **Ministerial Meeting on SME and Women**

625
626 Indonesia reported on preparations for the APEC SME Ministerial Meeting and the 1st APEC Joint
627 Ministerial Meeting that will both be held in Bali, Indonesia on 7 September 2013.

628 629 **The 21st APEC SME Ministerial Meeting and the 38th APEC SME Working Group Meeting**

630
631 China presented on the 21st APEC SME Ministerial Meeting that will be held in Nanjing, China.

632
633 Chinese Taipei reported on the venue for the 38th SMEWG Meeting. The Meeting will be held in
634 March/April 2014 in Taichung, Chinese Taipei.

635 636 **Endorsement of Meeting Report**

637

638 The Chair asked member economies to submit any changes to the Meeting Report and stated that the
639 Report would be endorsed by 4 pm on 5 September 2013.

640

641 **Closing Remarks**

642

643 The Chair thanked member economies for their participation in the 37th SMEWG Meeting and closed the
644 meeting.

645