

Nanjing Declaration on Promoting SME Innovative Development

The 21st APEC Small and Medium Enterprises Ministerial Meeting
Nanjing, China
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We, the APEC Ministers and their representatives responsible for Small and Medium Enterprises (SMEs), held the 21st APEC Small and Medium Enterprises Ministerial Meeting in Nanjing, China. Centered on the theme of “Innovation and Sustainability”, we had in-depth discussions on strengthening the innovation capabilities of SMEs, improving the policy environment for their innovation and promoting their sustainable development.

While the uneven global economic recovery continues, the Asia-Pacific economy has maintained its momentum. And yet, the Asia-Pacific region still faces new challenges. We recognized that SMEs are not only one of the forces behind innovative activities in the Asia-Pacific region, but also a key driver of economic growth. In a complex, fast-changing, and competitive market environment, innovative development is critical to stimulating the endogenous viability of SMEs and their sustainable development.

We reviewed the achievements of the APEC SME Working Group, especially the “Integrated Plan of Action for SME Development” (SPAN), which was adopted by APEC economic leaders in 1998 and proposed to help SMEs improve their technical capabilities and strengthen technology sharing; the Daegu Initiative, which was adopted at the 12th APEC SME Ministerial Meeting held in Korea in 2005 and proposed initiatives in seven major areas to promote innovation among APEC SMEs; and the SMEWG Strategic Action Plan 2013-2016, which provides a roadmap focusing on the core issues of SME development. We recognized the need to continue to support SMEs’ innovation, and develop and implement effective measures to promote SME growth.

Accordingly, we proposed the following initiatives be considered where appropriate:

Increasing innovation capabilities of SMEs

1. Support SMEs and other stakeholders in further strengthening the employment and training of professionals: continue to implement training and certification programs, including business administration, start-up mentoring, technology innovation, technical assistance, improving the competitiveness of start-ups, etc.
2. Encourage the development and cooperation of e-commerce platforms in APEC economies, to advance their inter-connectivity and facilitate SMEs’ access to international markets.
3. Improve SMEs’ awareness of standards as they move up the innovation value chain.
4. Encourage measures, such as technology matching, access to infrastructure for technology development, incubators as well as innovative enterprise clusters combining technical talents,

scientific research achievements, capital and entrepreneurship to promote technology innovation of SMEs and the cooperation among industries, universities, research institutes and government agencies.

5. Review existing measures that encourage SMEs to invest in R&D. Encourage the establishment of funds for technology innovation, patent applications, and personnel training, as well as technology venture capital investment mechanisms.

6. Encourage ABAC to continuously create capacity building programs for SMEs to access international networking and collaboration opportunities, including those that promote Cross-Border E-Commerce Training (CBET) opportunities across APEC economies.

Improving the policy environment for SME innovation

7. Highlight the importance of expanding SMEs' adoption and development of innovative practices in order to promote an efficient, non-discriminatory, and market-driven innovative environment.

8. Encourage reduction of the uncertainty and risks associated with providing financing for SMEs: encourage capital markets to drive investments into innovative SMEs at the start-up stage; encourage banks to develop loans models, products and services to support technology innovation of SMEs; foster and develop the Growth Enterprises Market; promote the development of private equity and venture capital funds. Innovative solutions that are attuned to SME's requirements will encourage more relevant financing models.

9. Strengthen the cooperation among financial institutions in the Asia-Pacific region and welcome China Development Bank to explore the possibility of establishing a cooperative mechanism and a designated loan together with other APEC economy financial institutions, in order to provide financing support for SME innovation.

10. Encourage, in conjunction with business and accounting bodies, SMEs to recognize, measure and report their intangible assets (e.g. ICT skills, software and networks, and intellectual property rights), so that SME assets can be more effectively managed and reliably valued by capital markets and investors, thereby supporting SMEs in further pursuing and realizing innovative ideas.

11. Encourage various technology service platforms, incubators, science parks and other mechanisms to facilitate SMEs' access to technical expertise, information, financial and legal services for their technological innovation and to further enhance the innovative capability and culture of SMEs.

12. Promote economic growth and create jobs as well as provide a favorable environment for innovation. For example, support the APEC Business Ethics for SMEs Initiative, notably implementation of the Initiative's Nanjing Declaration to Promote Ethical Business Environments in the Medical Device and Biopharmaceutical Sectors and Manila Declaration for the Construction and Engineering Sector, convening an annual APEC Business Ethics for SMEs Forum to advance the adoption, and implementation of high standard APEC principles for codes of ethics.

13. Improve support for SMEs to use the intellectual property rights (IPRs) system and enforcement mechanisms and promote the SMEs' capabilities in the creation, utilization, protection and management of IPRs.

14. Promote the use of information technology among SMEs and improve the level of information technology adoption in research and design, production and distribution, business management and others. The following measures should be considered:

- Support SMEs to build new industrial production systems leveraging information technology and develop new production methods for network-based manufacturing;
- Support SMEs to improve their innovation through the adoption of information technology and promotion of the development of innovative business models;
- Increasing the level of awareness of e-commerce applications among SMEs, improve the use of information technology in logistics and supply chain collaboration among SMEs and encourage the e-commerce service providers to provide credit financing and other services for SMEs;
- Develop and share information technology services for SMEs and best practices in smart terminals, cloud services, SaaS, outsourcing, etc.

15. Welcome China to explore the possibility of setting up an "APEC SME Center for IT Promotion". This center will connect SMEs of APEC economies and supporting organizations as a platform to share policies, experience, and the best practices of IT adoption and provide consultation on IT solutions, which will effectively improve SMEs' adoption of IT in the region.

16. Appreciate the publication of the best practices of APEC SMEs on the APEC SME Technology Conference and Fair. Support the establishment of APEC SMEs database on innovative best practices and exchange the experiences of innovative development of SMEs in APEC economies.

17. Appreciate the establishment of the Committee on Trade and Investment (CTI) Friends of the Chair Group on Strengthening REI and Advancing FTAAP, to kick off and advance the process towards the eventual realization of an FTAAP in a comprehensive and systematic manner.

18. Improve natural disaster resilience of SMEs to facilitate trade and investment through appropriate mechanisms, such as by following the recommendations of APEC High Level Policy Dialogue Joint Statement on Resilient SMEs for Better Global Supply Chains, which are to establish exclusive SME Business Continuity Plans (BCPs) for all industries, further promote the BCP Guidebook in different languages with training programs, and to enhance the Public-Private Partnership and Cross-Fora Cooperation by collaborating within Emergency Preparedness Working Group (EPWG) and APEC Business Advisory Council (ABAC), and other organizations such as the United Nations Office for Disaster Risk Reduction (UNISDR).

19. Encourage the use of the research resources of the APEC SME Crisis Management Center established under the support of the 2009 Annual APEC Ministerial Joint Statement and SME Ministerial Statement, in order to help APEC SMEs enhance their capacity to overcome the impact of crisis.

Promoting SMEs growth through innovation

20. Encourage APEC policy makers, businesses and innovators to make further progress in the development of action plans to reduce the obstacles to the sustainable growth in the Asia-Pacific region. Promote the sharing of best practices and policies in sustainable innovation in SMEs, and encourage economies to develop sustainable business models to support SMEs to achieve sustainable growth.

21. Encourage the development of industrial clusters to promote the transfer and expansion of knowledge and technology, which is conducive to the strengthening of cooperation and resource sharing, and reduce the cost of innovation, production and transaction for SMEs. Encourage the establishment of a mechanism for exchanges among industrial clusters. Strengthen cooperation among industrial clusters and promote the cross-border flow and sharing of talent, technology, capital, service, information and other elements of innovation in the Asia-Pacific region.

22. To create a pragmatic start-up ecosystem in the APEC region to further boost the economic growth and job creation, encourage a comprehensive approach to improve the environment of early-stage investment, such as the APEC Accelerator Network (AAN), to accelerate innovative start-ups and the High Growth SMEs (HGSMES) by facilitating funding, mentoring and market access.

23. Ministers acknowledged the United States Global Women's Economic Empowerment Initiative (GWEE) that aims to help women start and sustain their own businesses and look forward to further progress on this initiative.

24. Support the integration of SMEs into the global supply and value chains of large enterprises, encourage service outsourcing, product development, and technical cooperation, extension of value chain, and enhance the collaboration among SMEs and large enterprises. Continue to address barriers that SMEs face in market access in the region and provide a conducive environment to accelerate start-ups and improve the competitiveness of SMEs.

25. Strengthen cooperation across fora within the APEC framework and beyond to support innovation. Encourage the supportive role of APEC service platforms, such as APEC SME Service Alliance (ASSA), APEC SME Innovation Center, APEC Accelerator Network (AAN), etc., to improve the competitiveness of SMEs. Encourage economies to establish key focal points for the promotion of innovation in SMEs in order to meet the challenges in the future.