



**Asia-Pacific  
Economic Cooperation**

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**2016/SOM2/CTI/024**

Agenda Item: 6.4

## **APEC Supporting Industry Initiative**

Purpose: Information  
Submitted by: Japan



**Second Committee on Trade and Investment  
Meeting  
Arequipa, Peru  
10-11 May 2016**

APEC Supporting Industry Initiative  
( *Joint proposal by Japan and Viet Nam* )

## 1. Background

To accelerate economic growth in the Asia-Pacific region, it is important for all APEC economies to integrate Micro, Small and Medium Enterprises (MSMEs) into global value chains (GVCs). In particular, supporting industries, which are largely MSMEs, serve a wide range of manufacturing industries and play an important role in value chains with their sophisticated and modernized technologies. In other words, supporting industries are considered essential “infrastructure”, and therefore should be one of the policy targets in order for all APEC economies to boost their economic growth.

Against this backdrop, APEC is expected to contribute to collectively promote supporting industries in the region, by sharing policy experiences, discussing possible best policies to nurture competitive, high-skilled and modernized supporting industries, and establishing a model policy guideline which improves the quality of policies in the Asia Pacific region.

Promotion policies of supporting industries generally comprise a set of diverse policy programs such as, but not limited to, the following:

- 1) Geographical clustering (techno-polis, special economic zones (SEZ))
- 2) R&D and/or new product development incentives (subsidies, tax breaks)
- 3) Human resource development programs (skill training)
- 4) Business matching
- 5) Improvement of trade and investment environment (regulatory reform, liberalization and facilitation)
- 6) Access to finance (may cover trade finance and disaster finance) etc.

Many APEC economies have useful experiences of diverse policies tailor-made for supporting industries under these categories. It should be also noted that the nature of policy challenges, especially encountered by MSMEs, may be changing due to growing importance of open innovation and new technologies such as IoT. PSU will be tasked to collect such abundant policy practices, analyze their success factors, and compile a case study report in 2016, aligned with one of the 2016 APEC priorities, “Modernization of MSMEs”.

Based on the report and additional inputs from member economies and other experts, and through the discussions in a seminar at CTI 1 in 2017, APEC economies will develop a supporting industry policy guideline to be endorsed at AMM in 2017.

## 2. Timeline

2016	CTI1	Submission and endorsement of the proposal Commencement of the case study to collect best policy practices
	<i>MRT</i>	<i>Welcome the project launch</i>
	CTI3	Report of the case study
	<i>AMM</i>	<i>Welcome the case study</i>
2017	CTI1	Hold a seminar to discuss supporting industry policies, based on the case study in 2016
	CTI2	Discuss draft APEC supporting industry policy guideline
	<i>MRT</i>	<i>Welcome the progress</i>
	CTI3	Endorse APEC supporting industry policy guideline
	<i>AMM</i>	<i>Endorse APEC supporting industry policy guideline</i>