

## ***“SMEs as engines of quality growth and prosperity”***

### **2016 APEC SME Ministerial Statement**

1. We, the APEC Ministers and their representatives responsible for small and medium enterprises (SMEs), met in Lima on 9 September 2016 for the 23rd SME Ministerial Meeting under the Chairmanship of Minister Bruno Giuffra, Minister of Production of Peru. The meeting was also attended by the Chair of the APEC Business Advisory Council (ABAC), SOM Chair Luis Quesada and the representative of the APEC Secretariat.

#### **Modernization of SMEs**

2. Under this year's theme “Quality Growth and Human development” and the priority “Towards the Modernization of SMEs in the Asia Pacific”, we centered the discussions on “SMEs as engines of quality growth and prosperity”, starting by reaffirming the importance of SMEs in economic activities and their role as sources of innovation and employment. SMEs are also best placed to materialize a structural reform and to advance sustainability in our economies, maximizing the impact of policies, strategies and best practices.

3. Guided by these elements, we stressed on the fact that the modernization of SMEs will imply concrete progress in increasing the innovation capacities of SMEs, fostering enabling environment and policies, guaranteeing access to financial means and capacity building, enhancing the participation of SMEs in electronic commerce in order to rapidly access new markets, reducing the technological gaps that many SMEs still face, and progressively inducing a shift into a more sustainable, eco-friendly and green production.

4. We also emphasized that the results of modernizing SMEs, as presented previously, would pave the way to integrate SMEs into Global Value Chains (GVCs) and to achieve their internationalization strategies. To do so, APEC economies will continue to support the internationalisation efforts of SMEs and encourage public-private partnership. We also acknowledged the importance of greater involvement of SMEs into business-to-business (B2B) and business-to-government (B2G) markets.

5. We valued the active participation of SMEs from across the APEC region at the meetings held from 5 to 8 September 2016. We would also like to express our appreciation for the participation of representatives from the private sector, academia and international organizations. Their views and contribution helped in our understanding of existing opportunities and challenges SMEs need to address so that they can successfully integrate into the global economy.

#### **Contextualizing our deliberations in 2016**

6. We expressed our satisfaction on the continuing prominence given by APEC's agenda to SMEs issues in recent years, which is all the more important in the context of evolving trends in international trade and investment. In this connection, we highlighted the important outcomes agreed and implemented recently in APEC, in particular those endorsed in 2014 and 2015 such as Nanjing Declaration on Promoting SME Innovative Development, APEC Accord on Innovative Development, Economic Reform and Growth, the Boracay Action Agenda, the Cebu Action Plan, the APEC Strategy for Strengthening Quality Growth and the Iloilo Initiative which calls for the establishment of the APEC MSME Marketplace.

7. This continuity must percolate as well in our efforts to synergize the work related to SMEs in different APEC's committees and subfora. In doing so, we stressed the importance of mainstreaming

SMEs issues in APEC's agenda and strengthening cross-fora collaboration with a view to maximize the benefits of a concerted approach and to avoid duplication and/or overlap.

8. We highlighted the fact that our deliberations this year are taking place amidst broader discussions in APEC that will impact the future of regional economic integration, such as the finalization of the Collective Strategic Study on issues related to the Realization of the Free Trade Area of the Asia Pacific (FTAAP) and the development of the APEC Services Competitiveness Roadmap. We also noted the high interest in this year's assessment on the achievement of the Bogor Goals and welcomed the realization and outcomes of the SOM Dialogue on APEC Towards 2020 and Beyond and we looked forward to the conduct of similar dialogues in the following years as we approach 2020.

### **Key areas for 2016 and beyond**

9. We stressed the need for APEC economies to share their experience on how to increase innovation capabilities of SMEs, improve the policy environment for SME innovation and promote SMEs growth through innovation. We encouraged officials to continue with relevant initiatives and activities, where appropriate, including technical exchanges, intellectual property rights, development of industrial clusters, disaster resilience and financing support, for advancing sustainability through innovation.

10. We acknowledged that despite the great amount of efforts put in by economies to strengthen the digital competitiveness of SMEs in the region in order to access the opportunities offered by internet and digital economy, the lack of readiness, capability, and resilience to engage in e-commerce continues to be some of the most critical factors for SMEs to achieve commercial success and to internationalise effectively, as concluded in an ad-hoc study conducted by ABAC in 2015. We, therefore, committed our efforts to continue exploring ways to reduce this gap through continued partnership with global E-commerce players to support SMEs' E-commerce capacity building.

11. We recognized the need for further collaboration between APEC and ABAC in developing initiatives to foster SMEs growth. Given the complementary roles between the public and the private sectors, APEC SME Working Group (SMEWG) and ABAC should work together to further develop existing ABAC micro, small and medium enterprise (MSME) related initiatives, particularly, the mapping of Incubators and Accelerators across APEC economies, Cross Border E-Commerce Training (CBET), best practices of sustainable partnerships between big and small businesses and the current efforts in enhancing women's economic opportunities. Also, we reaffirmed the importance of creating a common e-commerce policy framework that will encourage greater e-commerce adoption by SMEs and promote CBET in more APEC economies.

12. We acknowledged that it is also important for each APEC economy to promote SMEs' active participation into the global value chains (GVCs) through measures to address challenges faced by SMEs in conducting overseas business development, e.g. improving infrastructure, legal systems and business practices, protecting intellectual property as well as promoting voluntary technology exchange.

13. We recognized greening micro, small and medium enterprises (MSMEs) for sustainable development in APEC initiative launched by Thailand and Peru to highlight the great potential that MSMEs have in achieving sustainable development in terms of decarbonizing economic activities, acquiring more sustainable production, greening GVCs, greening MSMEs, protecting the environment and boosting the livelihoods of local communities involved in sustainable economic activities. Meanwhile, it is also important to highlight the business opportunities arising from greening MSMEs particularly competitiveness enhancement through the use of accessible technologies and improvement in market access, among others.

14. Taking into account the amount of work that has been done in the past by APEC in areas of sustainability, green growth, environmental goods and services and green value chains, we instructed the SMEWG to lead a process to develop an “APEC Strategy for Green and Sustainable MSMEs” with a view that it be adopted in November 2017, in close coordination with all APEC relevant Committees and subfora. The aforementioned Strategy will outline prioritized actions to create greener and more sustainable MSMEs including raising green awareness among stakeholders, providing training and skills development, especially on the development of accessible green technologies, creating the enabling environment such as integrated policy framework, allyand economic incentives that allow MSMEs to engage in green activities, as well as promoting green supply chain development.and the use of natural resources in an environmentally-friendly manner.

#### **Main outcomes, deliverables and work in 2016**

15. We appreciated the progress made by APEC in implementing the Boracay Action Agenda to Globalize MSMEs. We further encouraged economies to continue the development of initiatives that will benefit MSMEs in the region andcontribute to their capacity to internationalize.

16. We congratulated the United States on the successful outcomes of the APEC Business Ethics for SMEs Initiative in strengthening ethical business practices in key sectors. Heightened and aligned ethical standards through collective action free SMEs from the high costs of corruption and support their ability to access global markets. We congratulated Peru on the conclusion of its Consensus Framework for Multi-Stakeholder Ethical Collaboration in the biopharmaceutical and medical device sectors, bringing together relevant stakeholders in the healthcare system under a common platform. We urged APEC economies to implement similar Frameworks as endorsed under the APEC Nanjing Declaration and continue the full adoption of APEC Principles for codes of ethics as instructed by APEC Ministers and Leaders, and welcomed enhanced work with third party intermediaries. We affirmed the continuing work of the engineering and construction sector to undertake initiatives for SMEs to combat corruption. We supported improved capacity-building at ministries relevant to infrastructure, the examination of specific ways to streamline government processes – including increased use of automation – to improve transparency, the development of an APEC common baseline for ethics self-certification programs, and the establishment of a public-private implementation team to advise Ministers on additional steps to improve the efficient and transparent delivery of vital infrastructure. We extended our appreciation to Peru for hosting the 3rd APEC Business Ethics for SMEs Forum in 2016 and look forward to the 4th APEC Business Ethics for SMEs Forum in Viet Nam.

17. We welcomed the realization of the 9th APEC Small and Medium Enterprises Technology Conference and Fair (SMETC) convened by China, in July 2016. Being successfully held for 9 sessions, in accordance with Nanjing Declaration on Promoting Innovative Development and the 22nd SMEMM Statement of Ministers, SMETC serves as a very good professional platform on technology exchange and trade promotion for SMEs in Asia-Pacific region, along with the aim of promoting MSMEs integration into Global Value Chains.

18. We acknowledged the important contribution of APEC Best Practices in SME Innovation, which is announced during APEC SME Technology Conference and Fair (SMETC), on providing a professional platform for SMEs within Asia-Pacific region to share and exchange innovative ideas of cutting-edge fields.

19. We acknowledged the importance of APEC SME Online-to-Offline (O2O) Initiative co-proposed by Chinese Taipei, the Philippines and Malaysia to enhance SME digital competitiveness and resilience towards quality growth. We appreciated the realization of APEC SME O2O Summit held in Chinese Taipei as well as the serial O2O Fora in Lima of Peru, Ho Chi Minh City of Viet Nam and the forthcoming one in Boracay of the Philippines this year. We noted their main outcomes which would help governments and stakeholders to be more aware of the opportunities and challenges of modernizing SMEs.

20. We welcomed the realization of the Workshop on E-commerce for Inclusion and Competitiveness organized by Peru, held in Lima in August 2016 and acknowledged the potential of new technologies and digital channels to reach new customers and to enhance financial and social inclusion.

21. We noted the outcomes of the workshop on Best Practices for Enabling MSME Access to the Digital Economy held in Ho Chi Minh City, Viet Nam in April 2016. We recognized the importance of the opportunities that the digital economy offers to MSMEs to enhance integration into global supply chains and value chains, fostering more inclusive and sustainable economic growth.

22. We welcomed the results of the project titled “APEC SME Internationalization Model Indices: Development and Application” which was conducted by the Republic of Korea. We acknowledged that the results of the project would contribute to Internationalization of SMEs in the APEC region.

23. We praised Australia's support for trade promotion agencies to improve their services to encourage more women-led SMEs to enter export markets. The “APEC Capacity Building Program Supporting Women-led SMEs Access Global Markets by Implementing Gender-Responsive Trade Promotion Policies and Programs”, in cooperation with Peru (held a workshop in August and reiterated the importance of women’s perspectives and their particular interests and needs in our world. We recognized that mainstreaming gender equality and women’s economic empowerment into our work will contribute towards increasing women SMEs’ access to the international market.

24. We welcomed the outcomes of the survey “Inclusive growth through greater involvement of SMEs into B2B and B2G markets” and agreed to use them in further work on the APEC MSME Marketplace. We urged fostering participation of SMEs in international supply chains in B2B markets and in national B2G markets through systemizing opportunities and sharing best practices of cooperation among large companies and public sector and MSMEs.

25. We welcomed the SMEWG’s endorsement of the Implementation Plan of the APEC MSME Marketplace and looked forward to its launch in 2017.

26. We expressed our appreciation to Canada for its generous contribution that led to the operation this year of a new ASF Sub-fund on MSMEs and called for economies to harness the opportunity for the benefits of SMEs in the region.

27. We appreciated the substantial contribution on issues relevant to SMEs made by the meeting of APEC Ministers Responsible for Trade (MRT), the APEC High Level Meeting on Health and the Economy and the APEC High Level Policy Dialogue on Women and the Economy Forum. We also looked forward to the forthcoming realization of the APEC Food Security Ministerial Meeting, the APEC Education Ministerial Meeting and the Finance Ministerial Meeting, which would address SMEs-related issues.

#### **APEC SMEWG Strategic Plan 2017-2020**

28. We commended the work of economies and their representatives in finalizing the APEC SMEWG Strategic Plan 2017-2020. We would also like to express our appreciation to the independent assessor, PSU, ABAC and other stakeholders for their continuing contributions and inputs to the work of the SMEWG and to SME issues in APEC. We looked forward to the active participation of economies in executing the Implementation Schedule of the Strategic Plan 2017-2020.

#### **Chairmanship of the SMEWG**

29. We expressed our appreciation to Mr. John Andersen, Chairman of the SMEWG and highly commended his work and commitment in leading the group for the last two years.

#### **APEC 2017 SME Meetings**

30. We looked forward to our next meeting in Viet Nam for the APEC SME Ministerial Meeting and Related Activities in 2017.

**Towards the 2016 APEC Economic Leaders' Meeting in Lima**

31. We agreed to present this APEC SME Ministerial Statement as the contribution to the APEC Economic Leader's Meeting in November 2016 in Lima, Peru.