

2019 APEC SME MINISTERIAL STATEMENT
“SME Financing and Digital Transformation in a Globalized Economy”

Concepción City, 5-6 September 2019

1. We, the APEC SME Ministers and our representatives met in Concepción, Chile on September 5 and 6, 2019, for the 25th APEC SME Ministerial Meeting, under the Chairmanship of Mr. Juan Andrés Fontaine, Minister of Economy, Development and Tourism of Chile. We appreciate and thank the Small and Medium Enterprises (SMEs) and other stakeholders from across the APEC region for their active participation during SME Week in Concepción.

2. This year, as we celebrate APEC’s thirtieth anniversary, we highlight that APEC has always recognized the significant role SMEs play in the growth and dynamism of the Asia-Pacific region. At their first meeting in 1993, APEC Leaders identified the importance of APEC in advancing a policy dialogue on SMEs. Today, we continue to support the framework provided by the Boracay Action Agenda to Globalize MSMEs (BAA) in guiding APEC’s work for MSME participation in international trade. Improving outcomes for SMEs supports APEC’s regional economic integration agenda and moves us closer to achieving the Bogor Goals for free and open trade and investment in the Asia-Pacific.

3. We welcome the APEC 2019 theme “Connecting People, Building the Future,” and all the priorities, which support the SME agenda. We want to highlight the “Women, SMEs and Inclusive Growth” priority, as women-led SMEs can face specific challenges and carry great potential. Our discussions in Concepción have covered a range of key issues, with a focus on “SME Financing and Digital Transformation in a Globalized Economy.”

Digital Transformation for SMEs and Entrepreneurs

4. Today, new digital technologies are deepening connections in the Asia-Pacific. Enabling SMEs to adapt, thrive and participate actively in the digital transformation is essential for boosting inclusive economic growth. We underscore the need to foster innovation and promote digitalization to enhance competitiveness and accelerate the growth of SMEs. We encourage APEC initiatives that promote the digitalization of SMEs such as online-to-offline channels, mobile-commerce, sharing economy and the Internet of Things.

5. We emphasize the potential for Big Data and data analytics to improve SME production processes and encourage internationalization.

6. We support ongoing APEC work that fosters the digitalization of government services behind and across borders. These developments benefit SMEs and entrepreneurs by creating efficiencies and reducing costs when engaging with government.

7. We welcome initiatives that support high-quality employment and entrepreneurship pathways for women in the Digital Economy, such as the Pathways to Gender Inclusion workshop carried out this week.

8. E-commerce platforms can serve as important channels for SMEs to gain greater access to diverse global markets and can mitigate risk within supply chains. We welcome the efforts led by ABAC to promote the development of e-commerce among SMEs, which will facilitate the B2B transactional phase of the APEC MSME marketplace.

Fostering Financing for SMEs and Entrepreneurs

9. For SMEs to thrive, they need access to credit and diverse funding sources. Without adequate financing, SMEs struggle to gain market entry, scale up, and benefit from new technologies. We support

the development of new financial services, including through innovative digital tools, that improve financial inclusion throughout the internationalization process. APEC can play a role in identifying needs and capacity building to ensure that SMEs can take advantage of these new opportunities.

10. We encourage more policy exchange and financing experience sharing with the private sector to boost public-private partnerships and raise awareness among SMEs about the benefits of the financial technology industry. The International Fintech Summit held September 3 and 4 was an example of APEC taking action in this area.

11. We note that SMEs are especially reliant on prompt payment flows through their supply chains. Late payments can lead SMEs to turn to alternative sources of financing, which may incur higher interest or result in debt. We encourage the development of policies that support fair business-to-business and business-to-government commercial relations that promote a culture of timely payment to SMEs.

SMEs and Internationalization: a Better Way of Doing Business in a Globalized World

12. It is vitally important that we support SME participation in international trade, including increased participation in global supply chains. Participation in global markets creates opportunities for SMEs to achieve economies of scale, accelerate innovation, and enhance productivity. We recognize the importance of predictable, transparent, non-discriminatory frameworks for trade and investment. SMEs stand to benefit directly from improved market access conditions and the elimination of barriers to trade and investment.

13. We welcome APEC's work related to the 2019 "Integration 4.0" priority, on issues such as trade facilitation, customs coordination, border management automation, regulatory convergence, participation in global value chains, people and knowledge mobility, and investment in infrastructure.

14. We support the development, on a pilot basis, of the APEC Collaborative Framework for Online Dispute Resolution of Cross-Border Business-to-Business Disputes, which will provide a cost-effective and efficient platform to resolve low-value cross-border disputes.

15. We welcome the promotion of ethical business practices that support SMEs and sustainable trade. We encourage further collaboration to address the issues of ethics and to promote transparency and integrity for SMEs in the internationalization process. We welcome the efforts to build sustainable and resilient businesses as described in the BAA through the sharing of information and best practices.

16. We recognize that a number of economies foster an enabling business environment and diversified business opportunities through events and other initiatives. We welcome regional cooperation and sharing of best practices through SME IT promotion and innovation centers and initiatives that support the start-up and innovation ecosystem in the Asia-Pacific.

17. We encourage deeper dialogue with the private sector about the regional and international challenges for SMEs and cooperation among economies, as exemplified by the Building for the Future Forum which took place on September 5. We welcome the APEC SME Summit, organized by ABAC, which will take place on November 14 in Santiago. We note the contribution of the annual APEC SME Business Forum.

Looking Forward

18. We acknowledge the importance of the ongoing work of the SME Working Group, which met in Qingdao in May and here in Concepción this week. These meetings helped advance the SME Working Group Strategic Plan 2017-2020 and we look forward to receiving a final report next year at the 26th APEC SME Ministerial Meeting in Malaysia.