

THE ADVISORY GROUP ON APEC FINANCIAL SYSTEM CAPACITY-BUILDING

A Public-Private Sector Initiative

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Anchor Aweigh Lounge, Deck 5, Cruise Ship *Legend of the Seas*
Moored at 1 Nizhneportovaya Street, Vladivostok Sea Terminal
Vladivostok, Russian Federation

Meeting Paper 3-D APEC SME Ministerial Meeting Joint Statement

APEC Secretariat

<i>PURPOSE</i>	For information.
<i>ISSUE</i>	APEC SME Ministerial Meeting Joint Statement
<i>BACKGROUND</i>	N.A.
<i>PROPOSAL</i>	N.A.
<i>DECISION POINT</i>	Note the joint statement.

2012 APEC Small and Medium Enterprises Ministerial Meeting

Joint Ministerial Statement

Promoting SME Cooperation for Innovative Growth in the APEC Region

Introduction

1 We, the APEC Ministers and representatives responsible for Small and Medium Enterprises (SMEs), met in Saint-Petersburg, Russia on August 3, 2012 under the Chairmanship of Mr. Vladimir Simonenko, Deputy Minister, Ministry for Economic Development of the Russian Federation. The Russian Senior Official for APEC, the Executive Director of the APEC Secretariat, the APEC Business Advisory Council (ABAC) also attended.

2 We appreciate the active participation of SMEs and especially young entrepreneurs from across the APEC region at the meetings held from 1-2 August 2012 in advance of our Ministerial Plenary Session. We agree that incorporating the views of small business owners, managers and young entrepreneurs enriched our discussion of the main theme and sub-themes for the SME Ministerial meeting and are reflected in this Ministerial Statement.

3 We agree that advancing SME cooperation for innovative growth can be enhanced through promoting start-ups, considering it is the most important stage of entrepreneurship. The development of start-ups in the APEC region facilitates job creation and has the potential to increase international trade that benefits APEC member economies.

New SMEWG Strategic Plan

4 We recognize member economies' contribution and dedication towards implementing the SMEWG Strategic Plan 2009-2012. We endorse the new four- year SMEWG Strategic Plan 2013-2016 which will provide a roadmap to address critical issues and concerns pertaining to the growth of SMEs and micro enterprises (MEs) in the APEC region.

5 We endorse the following priority areas to guide the work of the SMEWG for 2013-2016:

- ♦ Building Management Capability, Entrepreneurship and Innovation; Financing; and
- ♦ Business Environment, Market Access and Internationalization.

6 We agree that SMEWG projects should be linked to advancing at least one of the priorities identified in the Strategic Plan.

7 We recognize the specific challenges faced by youth, women and minority-led SMEs and MEs and fully support their inclusion as the cross-cutting theme within the priorities of the Strategic Plan.

Assisting SMEs and MEs in Internationalization and Supporting Export-Oriented SMEs and MEs

8 We recognize that internationalization is an integral part of sustainable growth of SMEs and MEs. The development of trade relations between SMEs in the Asia-Pacific region is a driving force towards a common goal of integration and development of the economic potential of APEC. Furthermore we acknowledge that with the interconnectedness of the Asia-Pacific region there is a need to foster disaster risk reduction and resilience to protect SMEs from shocks and to preserve economic growth.

9 We reaffirm the importance of addressing trade and investment barriers and improving the business environment for SMEs, including youth, women entrepreneurs, and MEs in the APEC region, and endorse the results and efforts made by SMEWG on financing, open and transparent business environment and high transportation and related costs, recognizing the importance of addressing trade barriers identified in Big Sky, Montana at the 18th Ministerial Meeting. We instructed officials to continue efforts to reduce such barriers and to improve business environment, and also instructed officials to continue working, in conjunction with the APEC Committee on Trade and Investment

(CTI), in the field of the development of global supply chains, preparing SMEs and MEs for export readiness taking to account the undeniable importance of this topic for all APEC economies and to pay a special attention to young entrepreneurs, women entrepreneurs and minority-owned SMEs and MEs in the APEC region.

10 We recognize the importance of the Russian initiative to the creation of a common information resource for SMEs which will promote companies' inclusion in global supply chains and will ultimately foster innovation development in the APEC region.

11 We agree that enhancing SMEs' resilience to natural disasters is essential to establishing reliable supply chains in the APEC region. We support Chinese Taipei's multi-year project in collaboration with EPWG and other non-APEC stakeholders on promoting Business Continuity Plans for SMEs.

12 We endorse the adoption of the "Guideline on Promoting SME Business Continuity Plans to Strengthen Reliability of Supply Chains", which was formulated by an Expert Group in Chinese Taipei. We urge APEC fora and governments to cooperate on assisting SMEs to develop disaster preemptive mechanisms in accordance with the Guideline.

13 We recognize the importance of cross-fora collaboration between the SMEWG and the other APEC Forums, Groups and Committees on cross-cutting issues. We encourage member economies to promote and develop more cross-fora standards and multi-year projects. The two multi-year projects of the SMEWG currently being undertaken by the United States on business ethics and Chinese Taipei on disaster resilience should continue to work closely with other APEC fora, including ACT, HWG, LSIF, EPWG, as well as ABAC and other non-APEC stakeholders.

14 We agree that corruption imposes a significant market access barrier and high costs for SMEs. To address this challenge, we endorsed principles for voluntary codes of business ethics for the medical device, biopharmaceutical, and construction/engineering sectors. We recognize the importance of working to raise awareness of these principles. We welcome progress in implementing these principles, through the development of codes of ethics by industry associations and companies and capacity building efforts. We call on other relevant stakeholders, such as professional organizations, to implement voluntary codes consistent with these principles. We urge industry regulators, anti-corruption enforcement authorities, and the relevant entities to encourage, advance, and facilitate acceptance of voluntary industry codes and ethical collaborations consistent with these codes.

15 We agree that effective protection of intellectual property rights (IPRs) and simultaneous reduction of trade and investment barriers in this field are among the key issues for further SMEs development in the APEC region. We welcome Russia's proposal to organize a joint meeting of IPEG and SMEWG so as to facilitate further collaboration between the fora and to work further on the cross-cutting issues, including the formation of an accessible system of receipt of protection documents for the intellectual property items for SMEs, and call for a further increase in the number of inter-group events, based on the successful experience of CTI, ABAC and other fora.

16 Noting women's involvement in SMEs, we reaffirm our support for collaboration between SMEWG and PPWE. We fully support the outcomes of the APEC Women and the Economy Forum (APEC WEF) held on June 28-30 in Saint-Petersburg and the adoption of the APEC WEF Statement aimed at the enhancement of the role of women in innovative economies, facilitation of their business opportunities and promotion of investment in human capital.

Fostering Innovative SMEs and MEs

17 Recognizing the intensification of innovation-based economic cooperation as one of the leading factors of economic growth and prosperity of our economies, we highlight the importance of expanding both SMEs' and MEs' adoption and development of innovative practices in order to promote effective, non-discriminatory and market-driven innovation environment. We encourage member economies to consider taking the following steps as appropriate to promote innovative SMEs and facilitate the involvement of SMEs and MEs in innovative economies:

- o reduce uncertainty and risks associated with financing innovative SMEs;

- reduce the asymmetry of information between entrepreneurs and providers of finance through by increasing the managerial and technical expertise of intermediaries whose role is to assist innovative SMEs;
- promote closer proximity between suppliers of funds and those who require finance, particularly for small-scale investment by means of regional and local equity programmes, business angel networks and business incubators;
- promote availability of risk capital to innovative SMEs, for example by using public sector funds to leverage private sector financing in order to reduce the financing gap;
- review regulations with a view to reducing, easing or eliminating restrictions and barriers to investment in risk capital;
- facilitate cross-border transfer of institutional infrastructure and expertise and ease barriers to flows of foreign venture capital funds;
- encourage, in conjunction with business and accounting bodies, small business to recognize, measure, and report intangible assets (ICT skills, organization, software and networks, intellectual property rights) so that new and small firm assets can be managed more effectively and more reliably valued by capital markets and investors.

18 We welcome work that promotes the exchange of best practices for instruments that support innovative SMEs and MEs and instruct officials to develop capacity-building activities to deliver effective economic and technical cooperation. We support the 2011-2012 APEC Small & Medium Enterprises Technology Conference Chinese multi-year project as an ideal platform to establish international images, publicize product and technical information, to promote trade, economic, information and technical exchanges and cooperation, to improve and optimize industrial structures and to enhance innovative ability and international competitiveness among SMEs in APEC.

19 We are also encouraged by the performance of the Green Initiative aimed at promoting SME innovation in green growth sectors by APEC economies sharing best practices and policies of SME green innovations and look forward to participation and support of APEC member economies.

20 We reaffirm the crucial role of SMEs and MEs as an integral part of economic growth and as a source of forward-thinking ideas. We instruct officials to pay special attention to innovative SMEs and MEs in the work of SMEWG in the near future (2013-2016).

Supporting Start-Ups and Young Entrepreneurs

21 We recognize the importance of the inclusion of young entrepreneurs in economic activities and, in this regard, support the implementation of the Young Entrepreneurs Network (YEN) and welcome the first YEN meeting that was held on August 2, 2012 in St. Petersburg, Russia. We welcome the inputs and sharing best practices on promoting start-ups and young entrepreneurship from Korea; Chinese Taipei; Hong Kong, China; Mexico; Russia; and Indonesia. These enriched the development of young entrepreneurs in the APEC region.

22 We endorse the results of the first meeting of the YEN and agree with the format of this event on an ongoing basis as a part of the SME Working Group.

23 We endorse the main goals of YEN, which were announced:

- Providing young entrepreneurs with increased access to knowledge, technology, networking, and efficient instruments for the realization of their business projects;
- Creating of an open site for interaction and experience exchange between representatives of young entrepreneurs, public authorities of APEC economies and successful business structures; and
- Promoting of the arrangement of conditions for continuous growth and development of young entrepreneurs' businesses, development of a broad understanding of business instruments and formation of a positive and modern business world-view.

24 We welcome events that provide opportunities to exchange experiences in business development as they are essential to the growth of new businesses and SMEs including the APEC Global “One Village One Product” Seminar (Japan), the APEC Start-up Conference (Korea and the USA), as well as the Summit of Young Entrepreneurs (China). We endorse the APEC Start-up Accelerator Initiative to assist and promote start-up development in the APEC region, and encourage further collaboration between member economies to implement the initiative.

APEC 2013 SME Meetings

25 We thank Indonesia for hosting the 20th APEC SME Ministerial and related meetings in Bali on 7 September 2013 with the main theme of “Enhancing SME Global Competitiveness” and the three sub-themes:

- ♦ Entrepreneurship Development for SMEs;
- ♦ Increasing Access to Finance for SMEs; and
- ♦ Empowering SMEs to Expand to International Market.

Toward APEC Russia 2012 Economic Leaders’ Meeting in Vladivostok

26 We agree to present this Joint Ministerial Statement as the contribution to the APEC Economic Leaders' Meeting in September 2012 in Vladivostok, Russia.