



4 August 2014

H.E. Miao Wei

Chair, APEC SME Ministerial Meeting
Minister of Industry and Information Technology
People's Republic of China

Dear Minister Miao:

On behalf of the APEC Business Advisory Council (ABAC), I would like to share our key recommendations related to small, medium and micro-enterprises (SMMEs) and entrepreneurship. ABAC believes that SMMEs are the backbone of our economies, and recognizes the need to develop policies that foster their growth and development, as well as to promote entrepreneurship in the APEC region. In this regard, ABAC has prioritized the following four areas in 2014 as crucial factors to enhance APEC SMMEs' global competitiveness: (a) enhancing SMMEs' access to finance; (b) promoting innovative growth; (c) assisting the internationalization of SMMEs and their integration into the global value chains; and (d) sustaining the momentum of women's economic empowerment.

In 2014, ABAC developed an APEC Framework for Innovative SMME Financing Mechanisms in collaboration with the G20 economies' SME Finance Forum which is managed by the International Finance Corporation (IFC). The Framework provides an overarching picture of the broad range of SMME financing options that exist in the Asia-Pacific region, highlighting alternative and innovative financing mechanisms that broaden options for SMMEs. Recognizing that not all options will be available in each economy and that traditional bank financing plays a primary role in financing SMMEs, it encourages economies to examine alternative financing options for SMMEs; to adopt a comprehensive suite of SMME financing mechanisms in their economies; and to review policy and regulatory reforms needed to support the growth of innovative financing mechanisms such as micro-finance, angel and seed investments, internet trade financing, venture capital, crowd funding and the junior/venture exchange.

ABAC welcomes the establishment of the SME Co-Fund between Chinese Taipei and New Zealand for cross-border cooperation in venture capital development for assisting SMMEs' access to international markets and funding and hopes to see more of such initiatives.

On our second priority, ABAC believes that innovative growth can be effectively promoted by providing SMMEs easier access to cross-border collaboration and commercialization of new innovations and cutting-edge technologies. Opportunities for SMMEs can be expanded by simplifying legal and regulatory barriers. To that end, ABAC recommends that APEC economies explore the concept of a platform for cross-border collaboration and market-driven technology dissemination. The Asia-Pacific Open Innovation Platform, a voluntary undertaking open to all APEC economies, can serve as a possible model for future platforms.

Additionally, ABAC continues to support accelerator programs in the region to promote entrepreneurship. Most notably, the APEC Accelerator Network has been officially launched in 2014 to provide networking, funding, and mentorship opportunities for innovative startups across the region.

The third priority is to assist the internationalization of SMMEs and help them integrate better into the global value chains. ABAC recommends supporting capacity building programs for SMMEs to access international networking, learning and collaboration opportunities. In 2014, ABAC launched the Cross-Border E-commerce Training Program to offer capacity building and networking programs to APEC SMMEs in China, with the objective of bringing the program online in 2015 and working with local partners to create localized content in order to benefit more SMMEs across the region.

ABAC continues to organize SME Summits in the region to provide these outreach opportunities to SMMEs and looks forward to working with APEC SME Ministers on broadening the presence and reach of these initiatives.

Finally and very critically, ABAC is firmly committed to continuously sustain the momentum of women's economic empowerment on a number of different levels, ranging from addressing barriers faced by women-owned businesses to developing policies designed to increase opportunities for women in education and leadership roles. In 2013, ABAC published a report entitled "Driving Economic Growth and Business Performance through Economic Empowerment and Inclusion of Women in APEC Economies" to examine the issue in-depth and present policy recommendations from the private sector perspective.

There is an APEC initiative this year to collect best practices in creating an enabling environment to expand women's participation in the economy. ABAC looks forward to continuous dialogue with APEC SME Ministers on advancing this agenda through close public-private collaboration, particularly as it relates to supporting market and financing access for women-owned SMMEs, promoting women's participation in Science, Technology, Engineering, and Mathematics (STEM) as well as advocating family-friendly culture and support systems in the workplace.

ABAC believes that these recommendations will strengthen and foster the sustained development and growth of APEC SMMEs and entrepreneurs. We look forward to participating at your Ministerial Meeting in Nanjing in September to further discuss these recommendations.

Yours sincerely,



Ning Gaoning
ABAC Chair 2014