

21 July 2026

His Excellency Li Lecheng

Chair, APEC SME Ministerial Meeting

Minister of Industry and Information Technology

People's Republic of China

Dear Minister Li,

Micro-, small and medium-sized enterprises (MSMEs) are critical to the economic prosperity and resilience of the APEC region. Representing approximately 97% of all businesses, the majority of private sector employment and nearly half of private sector output across APEC, MSMEs remain key drivers of innovation, inclusive growth, and job creation.

However, MSMEs across APEC continue to face significant and evolving challenges, particularly those led by women and indigenous entrepreneurs. The rapid pace of digital transformation, limited access to affordable finance and seamless cross-border payment systems, persistent labor shortages, and structural barriers to workforce participation are constraining their ability to grow, innovate, and compete in an increasingly interconnected global economy. Addressing these challenges will require coordinated action to accelerate artificial intelligence (AI) and digital adoption, expand financial inclusion, strengthen workforce capacity, and unlock the full potential of women as drivers of long-term productivity and economic growth.

1. Accelerating MSME Adoption of AI and Digital Technologies

AI represents the largest productivity opportunity for MSMEs. Yet many continue to lack the resources, skills, and affordable access needed to adopt AI, widening the productivity gap with larger, digitally enabled firms.

ABAC calls on APEC SME Ministers to:

- Invest in workforce upskilling and reskilling to support workforce transitions as AI reshapes roles and industries.
- Support MSMEs to adopt AI through targeted pilots, capacity building initiatives and shared digital infrastructure that lowers barriers to adoption.
- Leverage AI, advanced data analytics, tracking, and product authentication technologies, and strengthen cooperation across economies, marketplaces, payment providers, logistics operators, and customs authorities, to combat illicit trade and improve supply chain resilience.

2. Expanding Access to Digital Finance and Trade

Access to secure and affordable finance and seamless cross-border payment systems remains one of the greatest constraints on MSME growth and participation in regional and global markets. Rising barriers to digitally enabled trade, including restrictions on digitally delivered business services, further compounds this challenge.

ABAC calls on APEC SME Ministers to:

- Prioritize coherent and interoperable digital trade rules as an early "bottom-up" deliverable under the Free Trade Area of the Asia-Pacific (FTAAP) Agenda, focusing on: data governance, data innovation, data exchange, AI, cybersecurity, and paperless trade; develop a Digital Trade Toolkit, including digital payments, to support MSME capacity building, and enable practical digital trade tools that improve customs transparency
- Promote interoperable and mutually recognized cross-border payment systems, including QR-code based payments and digital wallets, supported by regulatory frameworks that expand access to digital financial services.
- Strengthen regional cooperation to combat online fraud and scams through coordinated policy approaches, proportionate anti-scam measures, and timely information sharing.
- Pilot frameworks that leverage relevant transaction insights, within appropriate legal and privacy safeguards, to support risk-based preclearance and streamline low-risk e-commerce shipments.
- Develop an APEC MSME Market Diversification Support Facility to help smaller businesses identify and validate new markets.

3. Advancing Women's Economic Participation, including through the Care Economy

Labor shortages have become one of the most significant constraints on MSME growth across APEC. Women play a critical role as entrepreneurs, business owners, leaders, and employees, yet structural barriers continue to limit their full economic participation. As populations age and labor markets tighten, unmet care needs and the disproportionate burden of unpaid and informal care work are constraining workforce participation, entrepreneurship, and business growth. Recognizing care as enabling economic infrastructure will be critical to unlocking talent, supporting women-led enterprises, and expanding opportunities across the MSME economy.

ABAC calls on APEC SME Ministers to:

- Recognize the care economy as a strategic component of economic policy and development planning to support workforce participation, talent retention, and women-led entrepreneurship.
- Support sustainable care ecosystems by encouraging the growth, formalization, and scaling of care sector enterprises, including MSMEs, to meet rising future demand.
- Strengthen the measurement and valuation of care-related economic activity through improved data collection, analysis, and reporting to support evidence-based decision making.
- Mobilize investment and innovation in care services, while accelerating the adoption of digital technologies and business models that improve accessibility, productivity, and quality.

In addition, ABAC encourages Ministers to:

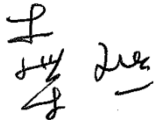
- Champion the Equal Pay Framework proposed by ABAC as a non-binding regional tool that helps economies embed equal pay principles into broader structural reform, MSME development, workforce participation, and inclusive growth strategies. The framework should focus on improving pay transparency, strengthening data collection, supporting employer capacity, and encouraging voluntary adoption before moving toward more formal measures where economies are ready.
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This approach positions equal pay not simply as a social objective, but as an economic growth strategy that strengthens productivity, talent utilization, innovation, and workforce participation across the region.

By advancing AI and digital adoption, increasing access to finance and cross-border markets, and addressing women's economic participation, including in respect of the care economy and other structural challenges, APEC can build a more competitive, resilient, and inclusive MSME sector that underpins the region's long-term economic growth.

ABAC stands ready to work with Ministers and officials to translate these priorities into practical initiatives that strengthen the long-term competitiveness of MSMEs across APEC.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Li Fanrong', with a stylized flourish at the end.

Li Fanrong
ABAC Chair 2026