

**APEC Small and Medium Enterprises
Ministerial Meeting**

**2-3 October 2010
Gifu, Japan**

Joint Ministerial Statement

Strategy for Reinvigorating Economic Growth with Dual Engine: SME and Asia-Pacific Economy

Introduction

1. We, the APEC Ministers and their representatives responsible for Small and Medium Enterprises (SMEs), met in Gifu, Japan from 2 to 3 October 2010 under the chairmanship of H.E. Akihiro Ohata, Minister of Economy, Trade and Industry, Japan. The Executive Director of the APEC Secretariat and the APEC Business Advisory Council (ABAC) were also in attendance.

SMEs and the Asia-Pacific Region: Shared Recognition of the Importance of these Two Growth Engines

2. We recognised that SMEs are a significant source of prosperity and employment, and a major contributor to innovation. In this regard, SMEs are a growth engine within the Asia-Pacific region.

3. We also noted that the Asia-Pacific region as a whole remained resilient during the global recession, and we expect the region to experience major growth going forward.

4. We reaffirmed that these two engines-SMEs and the Asia-Pacific region-both bear responsibility for advancing economic development. We strongly believe that SMEs' continued growth and development is a key to realising the APEC Growth Strategy.

Discussion on the Growth Strategy for SMEs

5. At the 17th APEC Economic Leaders' Meeting and the 21st APEC Ministerial Meeting, expectations were expressed for the 17th APEC SME Ministerial Meeting to contribute to the APEC Growth Strategy.

6. Based on these expectations, we discussed SME performance and growth through three linked topics: analysis of the present condition, developments over the next few years, and our direction looking forward to 2020 in order to generate the long-term growth strategy for APEC's SMEs.

The Impact of the Economic Crisis on SMEs, and Countermeasures Implemented in Response

7. We categorised APEC economies into three groups based on their GDP growth around the time of the recession. The impact of the crisis on SMEs varied according to the group into which each economy was categorised. Overall economic growth of SMEs in the APEC region is back on track.

The three groups were:

Group 1: The economy slowed due to the recession. However, it still grew compared to the previous year.

Group 2: The economy shrank due to the recession. However, the negative growth rate was moderate compared to group 3.

Group 3: The economy was heavily affected by the recession.

8. Through our discussion on policy responses to the crisis and the timing of their phase-out, we confirmed that policy responses and exit strategies took account of the different circumstances of each economy. However, we are confident that SMEs were helped by the individual and collective short-term economic stimulus policy responses.

9. We recognised that enhancing SMEs' crisis management capability is an important measure for coping with economic crises, and encouraged member economies to focus on building joint crisis management mechanisms in the APEC region. We welcomed the establishment of the APEC SME Crisis Management Centre as a tangible example of collaboration among SME Working Group (SMEWG) members.

Short-Term Prospects for SMEs, and SME Measures Required of APEC

10. We acknowledged the first and second year achievements of the four-year SMEWG Strategic Plan (2009-2012), commending Champion Economies for their guidance and support in each priority area. We recognised the importance of continuing support for the Strategic Plan for SME growth and welcomed the on-going development of relevant projects which will not only contribute to APEC's overall objectives but also enhance SME capabilities for sustainable economic growth.

11. We acknowledged efforts by economies to promote market access as a major component of sustainable economic growth for SMEs. In particular, we supported the study of SME internationalisation best practices, and asked that the outcomes of the study be shared with the APEC members at the margins of the next SME Ministerial Meeting in 2011.

12. We recognised that the Daegu Initiative has successfully completed its first cycle (2006-2010), which gave member economies an opportunity to evaluate their own SME innovation policies, share best practices and ultimately facilitated innovation in the APEC region. We welcomed the "Green Initiative" as the second cycle and look forward to participation and support of APEC member economies.

13. We recognised that economic situations vary in each economy, and it is difficult to predict the future. We also recognised that, based on domestic priorities, each economy will move its

policy focus from emergency response measures toward support for SMEs to pursue dynamic growth as soon as possible.

14. However, we strongly believed that the Asia-Pacific region as a whole should aim to advance economic development and increase the region's economic inclusiveness and vitality. On that basis, we recognised that the Asia-Pacific region should support SMEs' participation in innovative, creative and high-growth sectors including green, medical and healthcare industries, among others.

15. We instructed the SMEWG to reflect these evolving policy directions in its current Strategic Plan and generate activities for 2011 and 2012, and to report on the content of these activities at the 2011 SME Ministerial Meeting.

Prospects for APEC SME Policy: Looking Toward 2020

16. Based on the discussion in this Ministerial Meeting to ensure continued strong growth and development of SMEs, we believed that efforts in the following areas should commence or be enhanced as soon as possible.

- a) SMEs' participation in high-growth sectors; and
- b) SMEs' access to global markets.

17. In order to encourage a wider range of SME participation in high-growth sectors, we recognised that the following individual and collective actions are important:

- a) Developing and presenting strategies or action plans to bring SMEs into areas seen as future growth sectors;
- b) Strengthening assistance for human resources development, innovation, business change, productivity improvement, and entrepreneurship;
- c) Developing a coordinated approach between SME- and related agencies to implement measures aimed at improving the business environment for SMEs, in particular, access to finance (including trade finance), capability building and the legal system; and
- d) Promoting policy cooperation and sharing information and best practices among all APEC member economies.

18. In order to strengthen SMEs' access to global markets, we recognised that the following actions are important and we agreed to call the first three actions the "Gifu Initiative."

- a) Supporting SMEs to take advantage of each locality's domestic and regional resources to develop high value-added products, and to sell to the global marketplace, through the APEC-wide and global "One Village One Product" model;
- b) Promoting exhibitions and trade shows that are open to the Asia-Pacific region's SMEs through APEC market-opening activities such as the APEC SME exhibition model and exhibition information sharing platforms;
- c) Supporting SMEs to expand and strengthen networking by launching international internship and exchange programmes such as the APEC SME CEOs' Network; and
- d) Facilitating open and transparent business environments free from the high costs of corruption

by the development of APEC codes of business ethics in sectors of export interest to APEC economies, beginning with the medical device sector.

19. We instructed the SMEWG to further the discussion we held and to reflect its results on the next Strategic Plan.

20. By advancing the above efforts, we, the Small and Medium Enterprises Ministers, aim to generate dynamic and diverse SMEs in the Asia-Pacific region, from micro to mid-sized enterprises, in industries that support the basics of everyday life through to those developing and employing the most advanced technologies.

Cooperation and Collaboration with Related Organisations

21. The meeting was also attended by guests: the Gender Focal Point Network (GFPN), Women Leaders Network (WLN), and representatives from the APEC Women Entrepreneurship Summit (WES) and the World Bank. We thanked all participants for their contributions to the work of the SMEWG.

22. We noted the recommendations by ABAC that SMEs' access to fundamental resources such as financing, information communication technology, and human resources should be intensified by: establishing credit information and legal framework for secured lending; supporting further utilisation of broadband services and its related education; and providing programmes that supports continuous training, respectively. We also noted the recommendation to establish "SME market knowledge centers", which aim to assist SMEs by providing consultancy and integrated market research data, among others.

23. We noted the recommendations of the 8th GFPN Meeting and the 15th WLN Meeting that emphasised the need to include measures that facilitate access to public and micro-finance programmes by women-led SMEs; improve the regulatory environment; develop skills programmes for women entrepreneurs; foster networking opportunities; strengthen educational and vocational training programmes; and promote gender mainstreaming based on the recognition that women are important economic contributors.

24. We welcomed progress on the first phase of the Global Women's Economic Empowerment (GWEE) initiative by the United States which will provide basic business skills training to women micro-entrepreneurs in the APEC region. The pilot programme for this initiative will be implemented in Malaysia in 2011.

25. We welcomed the first WES policy statement detailing their discussion and substantive policy recommendations to promote women's economic opportunities. We further welcomed the WES website's launch to build a network for APEC women entrepreneurs. We looked forward to a new high-level policy dialogue in 2011 on women's economic opportunities within APEC, in line with the APEC Growth Strategy.

APEC 2011 SME Meetings

26. We thanked the United States in advance for hosting the next APEC SME Ministerial and related meetings in May 2011 in Big Sky, Montana. The United States previewed the topics for workshops envisioned for this set of meetings, among other topics, anti-corruption and building clean business environments for APEC SMEs, including the development of APEC codes of business ethics for interested sectors; women's economic empowerment through entrepreneurial skills development; and trade finance for innovative green technology exports.

Toward Yokohama

27. We agreed to present this Joint Ministerial Statement as the contribution to the APEC Growth Strategy to the APEC Ministerial Meeting and the APEC Economic Leaders' Meeting in November 2010 in Yokohama, Japan.