

## **28<sup>th</sup> APEC Small and Medium Enterprises Ministerial Meeting**

**September 9-10, 2022**

**Phuket, Thailand**

### **STATEMENT OF THE CHAIR**

1. We, the Asia-Pacific Economic Cooperation (APEC) Ministers responsible for Small and Medium Enterprises (SMEs) met September 9-10, 2022 under the chairmanship of H.E. Mr. Supattanapong Punmeechaow, Deputy Prime Minister of Thailand under the theme, “Inclusive Recovery of APEC MSMEs through the Bio – Circular – Green Economy (BCG) Model and High Impact Ecosystem.” We welcomed the participation of the APEC Business Advisory Council (ABAC) and the Association of Southeast Asian Nations (ASEAN).
2. Varying views were expressed on the prevailing situation. The meeting expressed its concern over the various shocks and disruptions following the COVID-19 pandemic, which have further strained the global economic environment for MSMEs especially with regard to their access to finance. The meeting emphasised the need to ensure that no one is left behind and all are safeguarded against future economic challenges, including by promoting broad-based and inclusive growth and addressing inequalities and barriers, with a particular focus on MSMEs, women, and others with untapped economic potential, such as people with disabilities, and those from remote and rural communities.
3. Cognizant of the role of MSMEs in driving economic growth and prosperity in the region, and emphasising the need to support them and ensure an inclusive economic recovery, the meeting strongly supported the need for meaningful actions and achieved consensus on the following:
4. We, Thailand, are committed to implementing the APEC Putrajaya Vision 2040 of an open, dynamic, resilient and peaceful Asia-Pacific community by 2040 for the prosperity of all our people and future generations, including through implementation of the Aotearoa Plan of Action. We acknowledge the role of Micro, Small and Medium Enterprises (MSMEs) in driving economic growth and prosperity in the region. MSMEs make up more than 98 percent of our region’s businesses and represent between 40 percent to 60 percent of GDP in most APEC economies.<sup>1</sup> Promoting a more resilient, inclusive and dynamic trade and investment environment, which will strengthen the role of APEC MSMEs in the global economy, is critical to the economic recovery and the sustainability of the region. We will foster economic growth that brings palpable benefits and greater health

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<sup>1</sup> “Overview of the SME Sector in the APEC Region: Key Issues on Market Access and Internationalization” (April, 2020), page 4, accessible through <https://www.apec.org/Publications/2020/04/Overview-of-the-SME-Sector-in-the-APEC-Region>.

and wellbeing to all, including MSMEs and startups. We will also advance MSMEs' access to finance, global markets, and global value chains as well as assist in building their capacity to effectively participate in the global economy.

5. We welcome the APEC 2022 theme: “Open. Connect. Balance.” Our priorities are to make APEC open to all opportunities, connected in all dimensions and balanced in all aspects. In this regard, we will embrace emerging opportunities and transformative technologies like e-commerce and the digital economy. We will focus on restoring and improving the connectivity among APEC economies through digital resilience so that MSMEs can leverage the economic strength of the region and contribute to revitalize, recover and sustain business continuity from the pandemic. We will also integrate wellbeing, inclusion, equity and sustainability into our economic goals.
6. We need to further emphasize the importance of healthy, sustained development of MSMEs for the resilience of the global value chains and economic development. We will collaborate to improve opportunities for MSMEs to be competitive, specialized, innovative and expand into international markets. Economies should be encouraged to share practices and experiences for increasing the production and competitiveness of MSMEs.
7. We emphasize the importance of the aims of the SME Ministerial Meeting theme, “Inclusive Recovery of APEC MSMEs through the Bio – Circular – Green Economy (BCG) Model and High Impact Ecosystem,” which seeks to harness technology and innovation to create value, reduce waste, and promote a sustainable business model. We will promote inclusive, high-impact recovery in four priority areas:
  8. 1. Accelerating BCG Adoption:  
Promoting the BCG model can support value creation for MSMEs' products and services and create business opportunities for MSMEs while reinforcing ongoing global efforts to address climate change. We believe that sustainability is the key to enabling economies to progress along a path of environmentally sound growth. Therefore, we focus on sharing best practices and building MSMEs' capacity to implement measures targeted at increasing the use of low and zero emission technologies, including renewable energy and reducing greenhouse gas emissions across sectors. We reaffirm the importance of implementing the APEC Strategy for Green, Sustainable, and Innovative MSMEs, which provides guidance for APEC policymakers to create an enabling environment for MSMEs to adopt environmentally friendly business practices. We continue to support MSMEs as they engage in BCG activities, such as the adoption of green technologies, the design and use of more circular packaging materials,

uptake of environmental practices, and socially responsible investment, which may lead to a more sustainable and inclusive Asia-Pacific. Furthermore, some MSMEs may not possess sufficient capacity or experience in implementing sustainability standards, unlike large enterprises. Large enterprises could facilitate capacity building and sharing expertise with MSMEs on responsible business conduct, BCG, and sustainability practices implementation. Inclusive approaches to advance the BCG model should involve solutions from women-owned and -led MSMEs which play a critical role in addressing the climate crisis. They should be empowered as leaders in addressing the climate crisis—as innovators, entrepreneurs, and founders of initiatives and enterprises with meaningful environmental and social impact.

#### 9. 2. Inclusive Digital Transformation:

We recognize the critical role of digital transformation, innovation, and technology in businesses. Digitalization can accelerate the comprehensive development of MSMEs and build resiliency to recover from the COVID-19 pandemic and achieve progress toward APEC Putrajaya Vision 2040. We also recognize that MSMEs which are well-equipped with digital skills and tools can grow faster as they are able to reach more markets and customers. We highlight that MSMEs need more consultation, digital skills training and digital solutions. In particular, women entrepreneurs, youth, and startups need increased access to resources, training, and other support to enable them to overcome barriers to participate and lead in the digital economy. Large enterprises could assist MSMEs through activities such as mentoring and other support that accelerates digital transformation. We acknowledge the importance of cooperation on facilitating the flow of data and strengthening consumer and business trust in digital transactions. Economies should continue to support marketplace platforms that are accessible, interoperable, and secure.

#### 10.3. Financing and Debt Restructuring for MSMEs:

We recognize that lack of access to finance can constrain MSME growth. MSMEs face challenges to borrowing funds because they are small, less diversified and may have weaker financial structures. MSMEs are more likely to encounter credit constraints than larger firms especially for women-owned or led businesses. We encourage member economies to consider addressing, as appropriate, traditional lending constraints by introducing a credit enhancement scheme, credit mediation, other alternative funding options, such as venture capital, sustainable finance, angel investment, private equity, promoting financial literacy among MSMEs, addressing informality and improving MSMEs, particularly women-owned or -led, in access to capital market financing. Additionally, we note ABAC's initiative on promoting supply chain financing as a critical tool to facilitate business continuity and expansion for MSMEs.

#### 11. 4. Coping with an Evolving Market Landscape:

We embrace efforts to strengthen the competitiveness of MSMEs by improving the business environment for startups, fostering innovation, promoting participation in regional and global value chains (GVCs) and collaboration with large enterprises. These include empowering women-led MSMEs and women entrepreneurs by facilitating improved access to markets and increasing their participation in regional and GVCs, in alignment with the La Serena Roadmap for Women and Inclusive Growth. For MSMEs to recover from the disruption caused by the pandemic, we encourage economies to prioritize allocating resources to support MSMEs. We also recognize that MSME growth can be facilitated through participation in government procurement, and we encourage the continued promotion of high-standard, ethical business practices to support MSME access to GVCs and public procurement opportunities. We are aware of the problem lack of information and experience in the development of youth entrepreneurship; therefore, we urge APEC economies to pay due attention to the development of youth entrepreneurship in accordance with the priority area of the SMEWG Strategic Plan 2021-2024 in the sphere of improving business environment for start-ups and entrepreneurs. Economies need broader engagement of innovators and expert groups to create a favorable platform for the exchange of best practices and inclusive growth of youth entrepreneurship in APEC economies.

12. We realize that MSMEs face a wide range of other issues; inclusive, gender-responsive cross-fora discussion and cooperation are vital to ensure the progress of our work will be comprehensive and practical. This year, we commit to work together to ensure our economic and environmental policies are mutually supportive. With economic resilience at heart, we call for collective efforts toward an inclusive, speedy, and sustainable recovery for MSMEs.
13. We are honored to host the APEC Ministers Responsible for Small and Medium Enterprises this year and look forward to our meeting in 2023 in the United States.