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The 21 APEC member economies, with approximately 2.6 billion people within their borders, cover about 40% of the world’s total population and contribute to 55% of global GDP. Now in its 25th year, APEC has expanded its discussions from traditional trade and investment to innovative development and other forward-looking issues such as competition policies, women issues, and regional economic integration, making it the most crucial economic cooperation forum for countries and areas in the Asia-Pacific region. In recent years, emerging Asian economies have brought the importance of SME issues to light and the 2015 APEC host economy, the Philippines, has echoed that development by stressing SME participation in regional and global markets in the achieving the APEC goal of inclusive growth.

In this issue of the APEC SME Monitor, readers will find full details of the 2015 Economic Leaders' Declaration and 2015 APEC Ministerial Meeting’s Joint Ministerial Statement. In the Leaders' Declaration, it points out that irrespective of the difficulties of economic transformation, member economies will remain committed to quality growth strategies to promote regional and global economic prosperity. In the Joint Statement, the importance of MSME participation in global economy and trade is further highlighted.

This issues' Special Report focuses on the advent of the digital economy and how innovation and SME participation in global trade can be facilitated via the use of the Internet of Things (IoT) and big data technologies. In 2016, Chinese Taipei will promote the project "New Era of Growth for APEC SMEs through Online-to-Offline (O2O) Business Models" to assist SMEs venture into the global marketplace with less cost, at an accelerated speed and with less barriers. The "Boracay Action Agenda" led by the Philippines this year will also contribute significantly to MSME participation in regional and global markets. The US-led project "Developing a Digital Economy Action Plan: Connecting MSMEs to Global and Regional Markets" is yet another APEC effort to promote the cooperation and development of cross-border e-commerce in the Asia-Pacific region.

In Top Stories, readers will find comprehensive coverage of the "2015 APEC Accelerator Network Summit and Global Challenge" held in Taipei on October 19 and 20 by the Small and Medium Enterprise Administration under the Ministry of Economic Affairs in conjunction with U.S. technology giant Intel and German well-known company Siemens, attracting more 200 business elites, angel investors, and industry experts from both home and abroad. The forum was held to offer innovative entrepreneurs an opportunity of exposure on the global stage, to help start-ups realize their dreams at an accelerated speed, and, riding on the trend of next-generation technologies such as IoT, to build a platform to attract international funding and investment.

Johnny Yeh
Executive Director
APEC SME Crisis Management Center
2015 Leaders' Declaration

The 23rd APEC Economic Leaders' Declaration - Building Inclusive Economies, Building a Better World: A Vision for an Asia-Pacific Community

We, the Leaders of APEC, met in Manila under the theme of 'Building Inclusive Economies, Building a Better World,' determined to take action to fully realize the vision laid down by our predecessors of a stable, integrated, and prosperous community in the Asia-Pacific, in which all our people can enjoy the benefits of economic growth and technological progress. Our enduring commitment will underwrite the peace, stability, development, and common prosperity of the Asia-Pacific.

Under the shadow cast by the terrorist attacks in Paris, Beirut, and against Russian aircraft over the Sinai, and elsewhere, we strongly condemn all acts, methods, and practices of terrorism in all their forms and manifestations. We will not allow terrorism to threaten the fundamental values that underpin our free and open economies. Economic growth, prosperity, and opportunity are among the most powerful tools to address the root causes of terrorism and radicalization. We stress the urgent need for increased international cooperation and solidarity in the fight against terrorism.

We met at a time when global growth is uneven and continues to fall short of expectation. Risks and uncertainties remain in the global economy, including inadequate demand growth, financial volatility, and structural problems weighing on actual and potential growth. While APEC economies have remained resilient, they face challenges in boosting growth prospects.

Weakening external demand growth highlights the importance of promoting domestic demand. The rapidly changing structures and competitiveness of our economies necessitate that we develop new drivers of growth, such as productivity-enhancing structural reform, services and trade in services, investment liberalization and facilitation, infrastructure investment, science, technology and innovation, that lead to more balanced and sustainable outcomes.

We are mindful that despite the unprecedented economic growth that has lifted millions of people out of poverty, it continues to be a reality for millions of others in our region. We call for more intensive efforts for its reduction and eradication. We also acknowledge that inequality acts as a brake on economic growth and that reducing it is essential to spurring development and prosperity in the Asia-Pacific.

We recognize the significance of enabling the full participation of all sectors and segments of our society, especially women, youth, people with disabilities, indigenous peoples, low-income groups, and micro, small and medium enterprises (MSMEs), to achieving inclusive growth. We underscore the importance of empowering them with the ability to contribute to and benefit from future growth.

We remain united and steadfast in supporting an open, predictable, rules-based, and transparent environment for trade and investment that enables meaningful access to economic opportunities. This provides the best means to deliver sustained and inclusive growth, quality job creation, and
financial market stability. We reaffirm the commitment to jointly build an open economy in the Asia-Pacific that is based on innovative development, interconnected growth, and shared interests.

We reaffirm the value, centrality, and primacy of the multilateral trading system under the auspices of the World Trade Organization (WTO). We are committed to strengthening the rules-based, transparent, non-discriminatory, open, and inclusive multilateral trading system. To further reinforce our commitment on the occasion of the 20th anniversary of the WTO, we have decided to issue a separate statement supporting the multilateral trading system and the 10th Ministerial Conference of the WTO.

We reaffirm previous commitments on monetary and exchange rate policies. We will refrain from competitive devaluation and resist all forms of protectionism.

We reiterate our commitment to achieve the Bogor Goals of free and open trade and investment by 2020 and to the eventual realization of the Free Trade Area of the Asia-Pacific (FTAAP). We appreciate the work by our officials to ensure that regional trade agreements complement and strengthen the multilateral trading system. We welcome the progress made by many APEC members in completing their respective processes to submit the instruments of acceptance to the WTO Trade Facilitation Agreement, which will reduce the cost of trading across borders.

While achieving ongoing economic transformation will not be easy, we are confident that we will continue to drive regional and global economic prosperity through quality economic growth.

To this end, we collectively commit:

**Building Inclusive Economies**

1. **To support comprehensive and ambitious structural reforms; achieve positive economic, social, and environmental outcomes; and promote good governance.**

   a. We reiterate our commitment to ensure that future growth is strong, balanced, sustainable, inclusive, driven by innovation, and secure against natural disasters and other threats. It should be supportive of gender equality. We remain alert to the risks of the "middle income trap."

   b. We adopt the APEC Strategy for Strengthening Quality Growth that will prioritize institution building, social cohesion, and environmental impact to give further focus to our efforts to pursue quality growth, building upon the commitments in the 2010 APEC Growth Strategy, and bearing in mind the commitments in the 2014 APEC Accord on Innovative Development, Economic Reform and Growth. We instruct officials to report, for our review, on APEC’s progress in promoting the APEC Strategy for Strengthening Quality Growth.

   c. We welcome the assessment of the 2010 APEC Growth Strategy, especially the finding that more than 300 million people were lifted out of poverty in the APEC region, mainly due to rapid growth in developing economies. We support further efforts in narrowing the development gap in order to end poverty.
d. We commend the work done under the APEC New Strategy for Structural Reform and welcome the Renewed APEC Agenda for Structural Reform (RAASR). Promoting structural reform is critical to improving economic efficiency and increasing productivity. We recognize that much more remains to be done to ensure that growth is experienced at all levels of our communities. We therefore support economies in their efforts to explore new growth areas, including reforms aimed at further strengthening the services sector by fostering creativity and innovation through an enhanced regulatory environment.

e. We welcome the progress made on the Ease of Doing Business (EoDB) initiative and affirm the EoDB Action Plan (2016-2018) with a new aspirational target of a 10-percent improvement by 2018 in the existing five priority areas on starting a business, dealing with construction permits, trading across borders, getting credit, and enforcing contracts. We welcome the development of an Implementation Plan to guide our efforts to reach this target.

f. We reaffirm our commitment to implementing the 2030 Agenda for Sustainable Development ("2030 Agenda"), which sets a comprehensive, universal, and ambitious framework for global development efforts for the next 15 years, and to ensuring that no one is left behind in our efforts to eradicate poverty and build an inclusive and sustainable future for all. We also reaffirm our commitment to implementing the Addis Ababa Action Agenda, which provides a comprehensive roadmap to help economies implement policies to attract and mobilize diverse sources of financing critical for the realization of the Sustainable Development Goals.

g. We encourage further progress and practical initiatives to carry out the 2013 mandate of exploring trade in products that contribute to sustainable and inclusive growth through rural development and poverty alleviation.

h. We recognize that corruption impedes economic sustainability and development and agree to combat the harmful effects of the illegal economy and to promote cultures of integrity across borders, markets, and supply chains. We reaffirm our commitment to open and accountable governance and to promoting international cooperation in the areas of repatriation or extradition of corrupt officials, asset recovery, criminalization, and prevention of corruption among APEC member-economies. We support the APEC Network of Anti-Corruption Authorities and Law Enforcement Agencies in advancing pragmatic anti-corruption cooperation and welcome the Cebu Manifesto for the Protection of Anti-Corruption Officials.

i. We welcome the efforts and activities that APEC members have undertaken to counter terrorism, including capacity-building initiatives to combat terrorist financing, and to prevent foreign terrorist fighter travel through advance passenger risk analysis and other measures. We further encourage economies to implement fully the APEC Consolidated Counter-Terrorism and Secure Trade Strategy and to continue taking collective and individual actions and sharing best practices to secure infrastructure, travel, supply chains, and financial systems from terrorist activities.
2. To deepen our financial markets and mitigate risks.

a. We recognize that in spite of the progress we have made, millions of our citizens do not have access to reliable financial services, leaving them with insufficient access to capital to invest in their futures. We highlight the importance of financial inclusion and literacy to poverty alleviation, ensuring that our people can fully benefit from the access to cheaper capital and financing that comes with it.

b. We recognize that financial integration through moving towards more liberalized financial services and capital accounts, while maintaining adequate safeguards as well as increased access to finance for MSMEs and businesses in the supply chain, will foster greater trade and investment in the region.

c. We welcome the Cebu Action Plan (CAP) and commend our Finance Ministers for their collaborative efforts in crafting a multi-year roadmap of deliverables and initiatives to build an Asia-Pacific community that is more financially integrated, transparent, resilient, and connected. We emphasize the importance of macroeconomic cooperation including the sharing of experiences in macro-prudential policy frameworks to minimize systemic risks and promote financial stability in the APEC region.

Fostering Micro, Small and Medium Enterprises' Participation in Regional and Global Markets

3. To foster an enabling trading environment that is responsive to new ways in which goods and services are produced and delivered and that promotes inclusiveness, especially for MSMEs.

a. We live in a connected world in which many goods and services are no longer produced in one location but are the result of firms cooperating within and across our borders. This benefits consumers, creates jobs, and fosters development. We need all our businesses, regardless of size, to connect to where opportunities exist. We need to develop policies that take full advantage of global value chains (GVC) and encourage greater participation and added value. We will promote competition, entrepreneurship, and innovation through effective and comprehensive measures, including balanced intellectual property (IP) systems and capacity-building.

b. We underscore the significance of the participation of MSMEs in global commerce to inclusive growth and will take action to facilitate such participation. We recognize that internationally-oriented MSMEs can make substantial contributions to poverty reduction through employment creation, productivity improvements, and economies of scale. However, because the costs of doing business impact disproportionately on our MSMEs, especially in terms of cumbersome rules and regulations, we need to address the barriers to their internationalization and integration into GVCs. Towards this end, we adopt the Boracay Action Agenda to Globalize MSMEs and instruct Ministers to implement actions laid out in the Agenda and report their progress to us by 2020.

c. We welcome the APEC Iloilo Initiative: Growing Global MSMEs for Inclusive Development, and support the creation of the APEC MSME Marketplace to provide opportunities for business and strengthen collaboration with public and private
organizations to support MSME development. We also welcome progress in collaborative efforts to enhance GVC resilience in this region.

d. We recognize the importance of MSMEs' access to finance as a key enabler of MSME expansion, internationalization, and productivity improvement. We welcome the commitment made by the private sector and international finance organizations to collaborate with the public sector through the recently launched Financial Infrastructure Development Network under the CAP. We emphasize the importance of promoting MSMEs' resilience against disasters, financial crises, and other unexpected events. In addressing these challenges, we recognize the important role of public finance such as credit guarantee systems designed for MSME operational continuity and the importance of enhancing closer collaboration with relevant public and private sector institutions.

e. We emphasize opportunities that the internet and digital economy offers to achieve innovative, sustainable, inclusive, and secure growth, with a view to improving connectivity. The internet and digital economy will allow businesses, especially MSMEs, to participate in GVCs and reach a wider consumer base through new business models, creating a truly global market place for the exchange of goods, services, capital, and ideas. With regard to MSME development, we commit to continue to promote cross-border privacy, and to protect consumer interests. We instruct our officials to advance the work to facilitate the internet and digital economy. We also instruct officials to implement the Work Plan for Facilitating Digital Trade for Inclusive Growth as a Potential Next Generation Trade and Investment Issue.

Building Sustainable and Resilient Communities

4. To build sustainable and disaster-resilient economies.

a. We recognize that our region, located in the Pacific Ring of Fire, is particularly vulnerable and exposed to disasters. We face typhoons, earthquakes, volcanic eruptions, rising sea levels, and pandemics, the impacts of which are magnified by our densely populated cities. It has become a "new normal" for us to face natural disasters of increasing frequency, magnitude and scope, and their resulting disruption of the increasingly integrated and interlinked production and supply chains.

b. We welcome and adopt the APEC Disaster Risk Reduction (DRR) Framework to facilitate collective work in building adaptive and disaster-resilient economies supporting inclusive and sustainable development in the face of the "new normal." Through the APEC DRR Framework, we will minimize the losses we endure and ensure that our communities have the support to overcome adversity and to build back better. We instruct Ministers to craft an action plan in 2016 to operationalize the APEC DRR Framework and renew existing efforts such as business continuity planning, strengthening early warning systems, search and rescue, post-disaster recovery, promoting appropriate donations, and enhancing capacity building. We welcome the APEC Principles for the Movement of Humanitarian Goods and Equipment during Emergencies to better protect lives and livelihoods. We also note the Sendai Framework for Disaster Risk Reduction 2015-2030.

c. We welcome Finance Ministers' efforts to build financial resilience through the CAP,
noting that this also entails developing innovative disaster risk financing and insurance mechanisms, in light of the heavy fiscal burden experienced by some economies due to the increasing damage of natural disasters.

d. We request the Chief Science Advisors and Equivalents to explore further the provision of coordinated scientific advice surrounding and during emergencies, in coordination with other relevant APEC fora.

e. We recognize that disaster resilience includes the ability to collaborate in detecting and preventing the spread of communicable disease. We welcome the development of the Healthy Asia-Pacific 2020 Roadmap. We welcome APEC’s working partnership with other relevant global initiatives for strengthening infectious disease control, and the training network established to ensure the safety of our region’s blood supply.

f. In line with our goal to promote sustainable communities, we are firmly committed to achieving a fair, balanced, ambitious, durable, and dynamic agreement on climate change at the Paris Climate Conference (COP21) in December. We therefore reaffirm our aspirational goals to reduce aggregate energy intensity by 45 percent by 2035 and double renewable energy in the regional energy mix by 2030 to achieve sustainable and resilient energy development within the Asia-Pacific.

g. We reaffirm our commitment to rationalize and phase out over the medium term inefficient fossil fuel subsidies that encourage wasteful consumption while recognizing the importance of providing those in need with essential energy services. We welcome progress made to date while recognizing the need for further ambitious efforts to meet our goal. We express our appreciation to those economies who have volunteered to undergo a voluntary inefficient fossil fuel subsidy peer review. We welcome ongoing initiatives to share best practices and facilitate capacity building to further progress toward this goal.

h. We affirm the importance of energy resiliency in promoting energy security and sustainable development and in providing energy access. We commend the initiative of creating a Task Force on Energy Resiliency, the initiative for enhancing the quality of electric power infrastructure in the Asia-Pacific region, and the establishment of the APEC Sustainable Energy Center. In transitioning to low-carbon economy, we will explore the contribution of biofuels, civil nuclear power as a base load power source, advanced coal technologies, liquefied natural gas, solar, wind, and marine energy technologies. We appreciate efforts towards a diversified, flexible, and integrated natural gas market in the APEC region.

i. We emphasize the need for improved sustainable agriculture, food security, food safety, and nutrition to build resilient communities across the region. We therefore instruct Ministers to implement the APEC High-Level Policy Dialogue on Food Security and Blue Economy Plan of Action in the areas of resilient oceans and coastal resources, fish loss reduction, and agri-business development. We support the APEC Food Safety Co-operation Forum and its Partnership Training Institute Network. We encourage progress on the APEC Food Security Roadmap toward 2020, to contribute to the achievement of APEC’s food security goal.

j. We recognize the important role of forests in supporting our communities, conserving biodiversity, and mitigating and adapting to climate change. We reaffirm our commitment
to the aspirational goal in the Sydney Declaration of increasing forest cover in the region by at least 20 million hectares of all types of forests by 2020 and to promote sustainable forest management, conservation and rehabilitation, and combat illegal logging and associated trade. We welcome the report of assessment of progress towards the aspirational goal on forests in the Sydney Declaration.

k. Building on our commitments in previous years, we will take actions to combat wildlife trafficking and related corruption through further reducing illegal supply, transit, and demand; strengthening domestic and global enforcement, enhancing legislative frameworks, and other criminal justice tools; enhancing efforts in each of our economies to treat wildlife trafficking crime seriously; and increasing cross-border law enforcement cooperation and other interaction among wildlife enforcement networks as appropriate.

5. To make urbanization work for growth.

a. Our cities are potential centers of creativity and innovation, providing jobs and livelihoods for billions of people. We emphasize the importance of proper planning and adequate infrastructure for sustainable city development. We therefore welcome the work of our officials to discuss the challenges of rapid urbanization in APEC, including innovative ways of addressing waste management and water-related challenges.

b. We remain committed to a new type of urbanization featuring green, energy-efficient, low-carbon, and people-oriented development. We commend the efforts of member economies in implementing the APEC Cooperation Initiative for Jointly Establishing an Asia-Pacific Urbanization Partnership. In this regard, we welcome China’s initiative to host an APEC high-level forum on urbanization in 2016. We encourage ongoing efforts in this direction toward energy efficient and low-carbon development in urban settings, including the implementation of the APEC Low-Carbon Model Town Project, use of green codes and standards for buildings, and the Energy Smart Communities Initiative.

c. We recognize that the region’s shifting demography, including ageing populations and urbanization, has profound implications for the region’s food system. We will enhance efforts to improve security and safety of the region’s food supply, sustainable agricultural and water management, and seek to increase citizens' access to food including through better connectivity between urban, rural, and remote areas; facilitation of investment and infrastructure development; and reduction of food loss and waste along the food value chain.

d. At the same time, we acknowledge that our rural communities should not be left behind in the economic and social development of the region. In this regard, we are determined to make efforts to strengthen rural communities through sharing experiences of rural development, with a view to forging comprehensive strategies to eradicate poverty and enhance the welfare of rural communities in the region.

e. We commend efforts to develop safe, secure, resilient, efficient, and sustainable transportation systems, and to promote innovations in the transportation sector as we move towards achieving inclusive mobility and global supply chain resilience. We instruct our officials to continue to enhance their work on connectivity of transportation networks.
Investing in Human Capital Development

6. To redouble our efforts to empower our people with the tools to benefit from and participate in economic growth.

a. In 1996, we endorsed a framework for economic and technical cooperation to ensure that all APEC members can fully participate in and benefit from an open trading environment. We are pleased with the joint efforts and progress made in improving the delivery of capacity building and cross-fora collaboration among working groups and fora. We underscore the need to avoid the emergence of a divided community in the region - those connected to global markets benefitting from integration and those left behind being unable to realize their potential.

b. We emphasize the importance of investment in human capital through the development of skills that industry needs to effectively contribute to the next phase of our region’s economic growth. In the current environment characterized by the rapid and ubiquitous use of technology, our people, in particular women and youth, need to be equipped not only with technical skills in science, technology, and innovation but must also be adaptable and resilient. We therefore instruct our officials to work closely with businesses, education and training providers, employment services, and civil society to understand the skills needed by the industry and to develop education and training programs that will equip people with the skills and competencies to join the workforce and fulfill their potential.

c. We underscore the synergy between our ambition to improve human capital development and our goals to improve people-to-people connectivity and to continue the promotion of cross-border cooperation in education. We welcome the early realization of our 2020 student mobility target of 1 million intra-APEC university-level students per year. We also recognize the close correlation between human capital development and progress in ICT and its benefits.

d. We remain committed to advancing women’s full participation in the economy in concrete, actionable, and measureable ways, including through enhancement of women’s representation in leadership. We therefore call for strengthened efforts to support the mainstreaming of gender equality and women’s empowerment across APEC’ s work streams, including the Women and the Economy Dashboard as a tool for identifying priorities for policy action.

e. We welcome the progress of APEC cooperation to enhance economic empowerment of persons with disabilities and encourage further collaboration among member economies in promoting inclusive development.

f. We recognize the importance of our health systems in promoting the development of human capital and inclusive growth and look forward to further work in 2016 to address the fiscal and economic impacts of ill-health.
Enhancing the Regional Economic Integration Agenda

7. To achieve our vision for an integrated community in a comprehensive and systematic manner.

a. We reaffirm our commitment to advance the process in a comprehensive and systematic manner towards the eventual realization of the FTAAP as a major instrument to further APEC’s regional economic integration agenda. We commend the progress made by our officials on the work on the implementation of the Beijing Roadmap for APEC’s Contribution to the Realization of the FTAAP, which includes the Collective Strategic Study on Issues Related to the Realization of the FTAAP, the Information Sharing Mechanism, and the 2nd Capacity Building Needs Initiative (CBNI). We instruct Ministers and officials to continue this work and, in particular, we look forward to receiving the findings and accompanying recommendations of the Collective Strategic Study when we meet again next year in Peru.

b. We reiterate our belief that the FTAAP should be pursued as a comprehensive free trade agreement by building on ongoing regional undertakings. We also reaffirm our vision contained in the Pathways to FTAAP that it should be high-quality and incorporate and address next generation trade and investment issues. In this connection, we note the recent development on the free trade agreements in the region and the progress of the possible Pathways to the FTAAP, including the finalization of Trans-Pacific Partnership (TPP) negotiations, and we encourage the early completion of negotiations for Regional Comprehensive Economic Partnership (RCEP).

c. We reaffirm the commitment we made in 2012 to reduce our applied tariffs on the APEC List of Environmental Goods to five per cent or less by the end of this year. We congratulate those economies that are on track to fulfill this ground-breaking commitment and strongly urge those that have yet to fully implement this commitment to redouble efforts to meet the end of the year deadline.

d. We welcome the progress that has been made under the work streams of the APEC Strategic Blueprint for Promoting Global Value Chain Development and Cooperation and instruct officials to further develop this work.

e. We reaffirm our commitment to achieve a seamlessly and comprehensively integrated, innovative, and interconnected Asia-Pacific. We welcome progress implementing the APEC Connectivity Blueprint for 2015-2025 under the pillars of physical, institutional and people-to-people connectivity. We will take further action to ensure continued implementation of this Blueprint and to promote regional and sub-regional connectivity in the Asia-Pacific region.

f. We appreciate progress in implementation of initiatives which will greatly improve connectivity and infrastructure in the Asia-Pacific region, and progress of the initiatives which help resolve the bottleneck of financing in this field. We encourage further collaboration among these initiatives in order to promote regional economic integration and the common development of the Asia-Pacific.
g. We emphasize the importance of investment in quality infrastructure and connectivity to realize our vision for an Asia-Pacific community. We welcome the initiatives set out by the CAP to maximize the Public-Private Partnership (PPP) modality for infrastructure delivery, to tap long-term investments for infrastructure through capital market development, and to continue efforts in inclusive infrastructure, in urban development, and in regional connectivity.

8. To develop the services sector as an enabler of economic growth and inclusion.
   a. We acknowledge that international trade in services facilitates cross-border business activity, reduces costs, spurs innovation, boosts competition and productivity, raises the standard of domestic services suppliers, and widens the range of choice for consumers. We also acknowledge that trade in services has an enormous potential for creating jobs, and for increasing competitiveness in the global market, providing whole-of-economy benefits. Inclusive growth cannot be achieved without addressing services-related issues, as many MSMEs operate in this sector.
   
b. For these reasons, we endorse the APEC Services Cooperation Framework to ensure that all our citizens can benefit from and contribute to high quality growth. We instruct our officials to develop a strategic and long-term Services Competitiveness Roadmap in 2016 with the adoption of a concerted set of actions and mutually agreed targets to be achieved by 2025. We appreciate services-related initiatives such as manufacturing-related services.

Strengthening Collaboration

9. To work with stakeholders to address common challenges.
   a. Given our diversity, our achievements thus far in APEC provide a benchmark for how, through cooperation, we can advance regional economic integration and achieve shared prosperity. Building on our achievements, we commit to engage in an enhanced degree of cooperation within and across our economies with a broad range of stakeholders. We reaffirm the need to have a well-coordinated and whole-of-government approach to rulemaking in our economies. This should rely on open and inclusive public consultation processes involving the full range of domestic and international stakeholders.
   
b. We therefore welcome our increased collaboration with the APEC Business Advisory Council (ABAC), the Pacific Economic Cooperation Council (PECC), international and regional organizations, the private sector, local government executives, civil society, academia, MSMEs, women, youth, persons with disabilities, and industry experts, engaging in constructive dialogues that allow us to find solutions to the challenges we face and build a better, more inclusive world.

10. To strongly support the work of our Ministers, the APEC Process, and all its Committees and Fora.
   a. We therefore endorse the 2015 APEC Joint Ministerial Statement and commend the work of our Ministers and officials as reflected in the results of the Sectoral Ministerial Meetings, High-Level Policy Dialogues, the Finance Ministers' Process, the Committees and Working Groups of the Senior Officials' Meeting, and all related mechanisms.
b. We instruct our Ministers and officials to continue their work, including implementation of the recommendations, work programs, and action plans of the outcome documents for 2015 sectoral ministerial meetings and high-level policy dialogues, bearing in mind the vision contained in this Declaration, as well as our previous meetings.

c. We express our appreciation for the contributions by relevant members to the APEC Fund, the establishment of Sub-Funds on the Free Trade Area of the Asia-Pacific and Global Value Chains, Innovative Development, Economic Reform and Growth, and Connectivity, and Mining, and the voluntary provision of training opportunities to developing economy members. We look forward to future work to better align our resources with our priorities.

Through economic integration driven by technological progress, urbanization, trade and investment liberalization and facilitation, and improved connectivity, our lives have become increasingly intertwined. It is incumbent upon all of us to work together to ensure our common destiny. In spite of the challenges we face, the future of our region will be bright as we stand true to our pledge to shape the future through Asia-Pacific partnership, with a view to fulfilling our goals of common development, prosperity, and progress, by harnessing our people's collective abilities in the spirit of mutual respect and trust, inclusiveness, and win-win cooperation.

Recognizing that APEC work is a continuing process and that continuity of agenda is key to APEC's relevance, we thank the Philippines for its leadership this year as it has built on the vision and work of the previous APEC hosts.

We look forward to meeting again in Peru in 2016 and will work closely with the future hosts from 2017 to 2022, namely Viet Nam, Papua New Guinea, Chile, Malaysia, New Zealand, and Thailand. We welcome the offer of the Republic of Korea to host APEC in 2025.
"Mainstreaming Micro, Small and Medium Enterprises in the Global Economy"

1. We, the APEC Ministers and their representatives responsible for small and medium enterprises (SMEs) met in Iloilo City on 25 September 2015 for the 22nd APEC SME Ministerial Meeting under the Chairmanship of Secretary Gregory L. Domingo, Department of Trade and Industry, the Philippines. The meeting was also attended by the Chair of the APEC Business Advisory Council (ABAC), SOM Chair Laura Del Rosario and the Executive Director of the APEC Secretariat.

2. We appreciate the active participation of micro, small and medium enterprises (MSMEs) from across the APEC region at the meetings held on 21-24 September 2015. We value the views and contributions of MSMEs, women and young entrepreneurs, business and government leaders, supply chain experts, finance specialists, and academia in shaping APEC’s agenda.

Highlighting the Importance of Micro Enterprises

3. Recognizing the importance of micro enterprises in the economy and the need to address their special concerns, we agree to use the term "MSMEs" in referring to micro, small and medium enterprises (MSME) at this meeting.

4. We welcome the emphasis given this year on strengthening MSMEs' participation in regional and global markets as one of the priorities under the APEC 2015 theme, "Building Inclusive Economies, Building a Better World." This brought into focus the challenges faced by MSMEs, and possible measures to address these. We appreciate the substantial contribution by the Ministers Responsible for Trade (MRT) Meeting, the Structural Reform Ministers Meeting, the Finance Ministers Meeting, and the Women in the Economy Forum to support the agenda on MSMEs.

5. Guided by this priority, our discussions at this Ministerial Meeting centered on the theme "Mainstreaming MSMEs in the Global Economy." Our discussions focused on how we can ensure that APEC's work to achieve free and open trade is as relevant to MSMEs as it is to big business.

6. We reviewed the progress of APEC's work in promoting MSME development and recognize the progress we have achieved thus far. The foundations of our work have been built over time, starting from the Leaders' instructions to convene the first SME Ministerial Meeting in 1993; the Action Program for Small and Medium Enterprises under the Osaka Action Agenda (OAA); the preparation of the Integrated Plan of Action for SMEs (SPAN) and the succeeding Strategic Plans; the Daegu Initiative; the identification of barriers to SME international trade during the 2011 Joint MRT-SME Ministerial Meeting; and the Nanjing Declaration on Promoting Innovation and Sustainability.
7. Much work, however, remains to be done. In order to address the myriad challenges facing MSMEs, we broadened our work on many fronts, giving intensified attention to innovation, entrepreneurial development, business ethics, business resiliency, women’s economic development, finance and our intensified efforts on providing capacity building programs. Through our individual and collective actions, the MSME sector can become a more potent force that contributes to the economic prosperity in the Asia-Pacific region.

8. This year’s discussions on MSMEs have been robust, guided by our collective desire to provide MSMEs opportunities and provide a cohesive approach for them to contribute to the region's growth. We recognize the relevance of other APEC work on structural reform and services, promoting connectivity, and regional economic integration, as well as financial inclusion in supporting MSMEs.

9. We welcome the "Boracay Action Agenda to Globalize MSMEs," as this strengthens APEC’s focus in providing MSMEs wider opportunities in the global economy and encourages cooperation among APEC sub-fora, ABAC, and other international organizations. We support the Cebu Action Plan (CAP), a roadmap for a more sustainable financial future for the Asia-Pacific region, which aims among others in improving policy frameworks that enable MSMEs to use their transaction records and a broader range of collateral to access loans, and expand trade and supply chain finance. Further, we welcome the decision of the Structural Reform Ministerial Meeting to continue work on inclusive, behind-the-border reforms towards a development path that promotes competitiveness, inclusiveness and resilience in the Asia-Pacific region.

10. We reaffirm the importance of addressing trade and investment barriers, and implementing trade facilitation measures as underscored in the Boracay Action Agenda, in order to provide a better business environment for MSMEs. We note the relevant initiatives already in place to reduce trade barriers, such as the 2nd APEC Ease of Doing Business Action Plan; APEC Business Travel Card; the APEC Supply Chain Connectivity Framework Action Plan; and the APEC Connectivity Blueprint. We instruct the SMEWG to continuously engage with relevant fora to maximize the benefits of these work streams to MSMEs.

11. We also endorse the efforts by the SMEWG to address challenges related to non-tariff measures; information and regulatory concerns; as well as supply chain financing, and expect further work in conjunction with relevant fora, to eliminate barriers, reduce trade-related costs, and facilitate trading of MSMEs globally.

12. We note the contribution of the United States, the Philippines and the SMEWG in organizing the APEC SME Global Supply Chain Event in Atlanta, Georgia on 8-9 June 2015, which brought together MSMEs, academic institutions, multinational corporations, regulators, logistics providers, and finance experts. The event provided an excellent platform for greater understanding on advancing the integration of MSMEs into regional and global supply chains, with special focus on the importance of food safety and quality. These discussions are vital in the light of the importance of increasing MSMEs income through the development of supply chains, including the improvement of quality of agricultural products.
13. We instruct officials to widen the reach of advocacies on MSME trade regulatory education, and to engage MSMEs and ABAC in the development of policy and regulatory environment conducive to the growth of MSMEs. A platform for information sharing, networking, consultations, and feedback is vital to this effort.

14. We appreciate the following APEC projects by the Philippines in support of this work: "APEC Workshop on Facilitating SME Trade through Better Understanding of Non-Tariff Measures in the Asia Pacific Region for the Agriculture, Food Processing and Handicraft Sectors" and the APEC Workshop on Business Matching and Internship Consortium for Global Value Chain Integration. We welcome complementary efforts of the Committee on Trade and Investment, such as the APEC Trade Repository (APECTR) to be launched in November 2015.

15. We agree that corruption and unethical business practices act as a significant market access barrier for MSMEs, which disproportionately impact on their ability to succeed. We agree that APEC economies must continue to address these barriers, as they undermine innovation, job growth, economic stability and cross-border trade. We commend the progress of the APEC Business Ethics for SME Initiative in addressing unethical practices in sectors of export interest to MSMEs. We congratulate the medical device and biopharmaceutical sectors for achieving the Nanjing Declaration's goal of doubling the number of industry associations that have adopted the Code of Ethics -- from 33 to 66.

16. We acknowledge the important role that the digital economy plays in enhancing access to the global market and driving innovation for MSMEs. We recognize the importance of leveraging the digital economy to expand internationalization opportunities for MSMEs by widening access to the internet and building capacities to enable MSMEs to adopt internet-based models such as Online-to-Offline (O2O) utilizing e-commerce platforms and online portals that will enable them to explore and conduct cross-border transactions. The role of information and communication technology (ICT) in this regard is indispensable. We welcome the Digital Economy Action Plan for MSMEs and Work Agenda for MSMEs as concrete and practical steps that APEC could undertake to accelerate MSME access to international markets. Regulatory alignment, an efficient digital ecosystem, human capacity building, and a holistic approach to the creation of a digital economy are vital to these efforts.

17. Technologies and digital economy are crucial to harnessing APEC's potential for economic growth. To ensure the inclusion of APEC’s future generations in an integrated and inclusive regional economy that is supported by MSMEs, APEC needs to vigorously promote science, technology, engineering and math (STEM) in the education of its human resources. This will help cultivate talents for innovation and strengthen innovation capacities of MSMEs. APEC needs to promote education and capacity building among MSMEs in ways that these create a better understanding of the interconnectedness between science and technology, academics, and real-world problem solving.

Advancing Modernization and Standards and Conformance of MSMEs

18. We recognize that MSMEs' ability to meet standards and regulations will boost their competitiveness and increase their prospects for internationalization and integration into
global value chains (GVCs). APEC economies need to collectively work toward addressing the barriers posed by differing standards and technical regulations. We welcome the collaboration of the SMEWG with the Sub-Committee on Standards and Conformance (SCSC) in developing a work plan to review policy issues, enhance information exchange, and identify practical capacity building programs that will heighten MSMEs' compliance capacities in accord with international standards, regulations and conformity assessment procedures. The Australia led project to facilitate harmonisation of standards for the movement of data and information across APEC economies is an initiative that shows how internet-based platforms help lower barriers to entry for MSMEs to access regional and global markets without having to establish physical operations in different economies. As trade in digital goods and services increases, the free flow of data across borders is an important pre-condition to enabling businesses to operate in numerous markets without restriction.

19. We recognize the vital role of MSMEs in bringing new ideas to the market and in fostering innovation. APEC needs to build an ecosystem that supports enterprise creation and improves the environment for innovation, as well as facilitates financial inclusion for start-ups. Chinese Taipei's "APEC Accelerator Network (AAN) Initiative" and the "APEC Challenge," as well as the Philippines' SME Technology Entrepreneurship Conference (SlingShotMNL2015), and ABAC's Interactive Mapping of Incubators and Accelerators in APEC are efforts that help achieve these. Partnerships, linkages, and networking among innovation centers, research communities, and academia, as well as those involving large and small businesses need to be supported and enhanced.

20. We also recognize that MSMEs can leverage their intellectual property (IP) assets such as brands and trademarks for growth and expansion. Enhanced knowledge of intellectual property and IP valuation and commercialization can assist MSMEs develop competitive and global brands. We also recognize the importance of assisting MSMEs in growing their brands through IP awareness and protection and inclusion of necessary measures for the effective use of IP assets by MSMEs.

21. We note with appreciation China's concept paper on Enabling Inclusive Growth through the Internet Economy, which emphasizes the contribution of the Internet to the development of MSMEs under the APEC Ad Hoc Steering Group on Internet Economy.

22. We recall our discussions in Nanjing on the potential for new technology to facilitate MSMEs' market access and internationalization in a digital world. We noted discussions in public and private dialogues examining the vast opportunities in the services sector as the single biggest contributor to employment and output in APEC economies. We therefore instruct officials to work towards the creation of an ecosystem of entrepreneurship in the APEC region to encourage the development and growth of globally competitive innovation-driven MSMEs.

Promoting Inclusive Growth through Sustainable and Resilient MSMEs

23. We agree to promote policy, business and regulatory environments that foster the long-term growth potential of MSMEs. We recognize the contribution of local development plans and the role of enterprise clusters in enhancing productivity, innovation, and inclusive growth.
24. APEC needs to further strengthen MSMEs' participation in local supply chains and GVCs through long-term, value-driven partnerships between large enterprises and MSMEs. Knowledge inputs and policy measures are key to promoting these partnerships. We note the Public-Private Dialogue on Inclusive Business, held during the Investment Experts' Group Meetings in Cebu last August 2015, highlighting the need for sustainable, win-win partnerships between large enterprises and the Base of the Pyramid, towards the achievement of building truly inclusive economies. We look forward to the High Level Dialogue on Inclusive Business in November 2015.

25. We welcome the contribution of institutions that serve MSMEs across member economies in cooperation with APEC SME Service Alliance (ASSA) towards promoting market development, training programs, and management consulting to facilitate inclusive growth of MSMEs.

26. We welcome the 9th APEC Small and Medium Enterprises Technology Conference and Fair (SMETC) that will be convened in China, in July 2016, with the aim of promoting MSME integration into Global Value Chains. We appreciate the establishment of APEC SME Database on the best practices of SME innovation to enhance information sharing pertaining to innovative growth of SMEs.

27. We acknowledge that MSMEs' participation in international markets is enhanced when they leverage on the benefits of e-commerce. We, therefore, support the Philippine initiative to create a virtual marketplace of MSMEs which will facilitate business matching, and provide information about international trade standards and regulations, as well as on trade promotion assistance packages provided by APEC. We recognize its added value as a networking platform and feedback mechanism on how challenges faced by MSMEs seeking to participate in global trade may be addressed. This is a vital initiative resulting from the recommendations of projects and meetings this year.

28. We recognize the importance of MSMEs' access to finance as a key enabler of MSME expansion, internationalization, and productivity improvement among MSMEs. In this context, we affirm the policy directions set in the Boracay Action Agenda and Cebu Action Plan to widen various financial options for MSMEs, including non-traditional and innovative financing, as well as public-private financing initiatives. We further acknowledge that MSMEs require both capacity-building and financial support, and urge financial institutions to look beyond financial records and consider MSMEs' overall business plans and potential.

29. We call for greater efforts to promote MSMEs' resilience against unexpected events, disasters, and financial crises in order to improve global supply chain resilience. We recognize the role of public finance, such as credit guarantee systems designed for MSMEs' operational continuity, rather than the rescue of financial institutions. We also express our appreciation for Chinese Taipei’s hosting of the APEC Business Continuity Planning (BCP) Workshops in collaboration with the Philippines, Indonesia, Mexico, Thailand and Viet Nam which have trained over 800 BCP trainers since 2013. We also welcome the publication of the BCP Guidebook in seven languages and the APEC SME Disaster Resilient Policy Framework as a reference for economies to design their own disaster resilience policies.
30. Recognizing that MSMEs' access to finance is a cross-cutting issue, we support efforts for closer collaboration with relevant public and private sector institutions, including ABAC in discussing ways to widen access to finance and business resilience among MSMEs. We thus welcome the outcome of the APEC SME Finance Forum held on 22 September 2015, with the participation of MSME policy makers, business groups, the Asia-Pacific Financial Forum (APFF) and other financial stakeholders.

31. We note with interest the progress in establishing a special loan amounting up to USD 2 billion by China Development Bank (CDB) in supporting innovative cooperation and mutual investment of SMEs in the Asia Pacific Region. We also acknowledge the initiatives that CDB and their counterparts in the Asia-Pacific Region facilitate the financial support for SMEs through inter-bank cooperation.

32. We recognize the growing importance of financial literacy, particularly following the 2008 global financial crisis due to significant evidence that providing the owners and managers of MSMEs with specialized financial education can provide important economic benefits to their companies, making them more cost-efficient and dynamic. Therefore, we appreciate Thailand’s Initiative in conducting the financial literacy survey to address this issue by identifying and evaluating the state of financial education in APEC member economies. The information gathered is intended as a means of assessing the need for and shaping possible new APEC SMEWG initiatives towards the promotion of MSME financial literacy.

33. We also recognize that digital resilience is a crucial issue in BCP considering the increasing demands on mobile internet and Online-to-Offline (O2O) business and the growing concerns on online security. We, therefore, encourage all member economies to work towards building a secure and fully developed digital economy as part of BCPs, guided by the objective of limiting disruptions to global supply chains and safeguarding trade and investment for inclusive growth.

The APEC Iloilo Initiative: Growing Global MSMEs for Inclusive Development

34. We hereby adopt the attached "APEC Iloilo Initiative: Growing Global MSMEs for Inclusive Development" as a guiding framework in integrating MSMEs in international trade and GVCs. We will work to implement the initiatives under this framework to maximize the benefits of cooperation. We agree to launch the "APEC MSME Marketplace" as a one-stop portal to facilitate access to information related to doing business in the region and to inform on projects and activities that promote MSMEs' integration to international trade.

35. We affirm the recommendations of the private sector in Atlanta and Iloilo in 2015, to provide a bigger voice to MSMEs in the APEC process, in accordance with the Leaders' instruction in 1993. We value the views shared by ABAC in support of MSME development, and appreciate its efforts in organizing the SME Ministers-CEO Dialogue in Iloilo City, Philippines. We look forward to the APEC SME Summit as a culminating activity in November 2015, highlighting APEC’s greater commitment to MSME development.
Cooperation and Collaboration with Related Organisations

36. As we seek to build on the achievements this year, we instruct officials to harness synergies across APEC work streams to maximize the expertise of relevant APEC committees and sub-fora in promoting MSMEs' growth. We task the SMEWG to exercise leadership in guiding other APEC fora toward ensuring greater complementation in efforts to address issues that threaten the survival and hinder the growth of MSMEs.

37. We welcome the collaboration initiated by the SMEWG with other APEC fora in 2015, including its work with the SCSC to address MSMEs' compliance to international standards. We acknowledge its commitment to lead coordination work on MSME-related activities within APEC, and to continue collaborating with relevant organizations, as well as ABAC, to expand and complement advocacy and other initiatives on MSME development.

38. We encourage close coordination by the SMEWG with relevant APEC fora to review the trade facilitation work streams, improve trade facilitation for MSMEs, and intensify the delivery of capacity building programs to ensure that MSMEs benefit from trade and investment liberalization towards achieving stronger economic growth across the region.

Recommendations on the APEC SMEWG Strategic Plan 2017-2020

39. In developing the next SMEWG Strategic Plan, we instruct officials to coordinate across all APEC fora and integrate priorities under the Boracay Action Agenda and its implementation plan; the Digital Economy Action Plan; and the Iloilo Initiative, and to put in place an appropriate monitoring system to assess the progress. We welcome the initiative of the SMEWG in developing the SME Internationalization Index to measure the growth of MSMEs in the APEC region.

40. We support giving the SMEWG permanent status in APEC.

APEC 2016 SME Meetings

41. We look forward to our next meeting in Peru for the APEC SME Ministerial Meeting and Related Activities in September 2016.

Towards the 2015 APEC Economic Leaders' Meeting in Manila

42. We agree to present this SME Ministerial Statement as the contribution to the APEC Economic Leaders' Meeting in November 2015 in Manila, the Philippines.
Picture 1: Group photo of 22nd APEC SME Ministerial Meeting
APEC Accelerator Network (AAN) Drives Innovation and Entrepreneurship Leading the Current Global Trends

Innovation and creativity have been the buzzwords these years in most parts of the world. Even in China, a wave of maker spaces has been growing exponentially in an attempt to strengthen the so-called "maker economy." Chinese Taipei, on the other side of the Straits, is also seeing large government efforts in encouraging innovation, creativity and entrepreneurship (ICE). There have been all sorts of measures, including lowering regulatory barriers, establishing parks for innovative businesses and startups, setting up angel funds, etc. and these are testaments that the trend of entrepreneurship is only beginning on the island. Currently, Silicon Valley is the most entrepreneurially dynamic area in the world and what makes it stands out among the crowd is its unique startup ecosystem, which Chinese Taipei lacks. Another thing that most eager-to-see-return startups from Chinese Taipei lack is a broad vision, accompanied by an ambition to change the world.

Noticing the need of a proper startup environment, Chinese Taipei has been promoting various innovative and entrepreneurial events for the betterment of both domestic and regional startup ecosystems. Chinese Taipei has executed three initiatives in APEC during 2013-2015, which are "APEC Start-Up Accelerator (ASA)", "APEC Accelerator Network (AAN)" and "APEC Accelerator Network for Early Stage Investment (AAN-ESI)". These initiatives have been funded by APEC totaling approximately US$360,000 in the span of three years. The first two initiatives yielded fruitful results, which were highly recognized by APEC member economies and honorably mentioned in an APEC Economic Leader declaration. In 2013, the APEC Global Challenge was launched, successfully setting a trend for international startup competitions, allowing startups which previously had no access to the global marketplace a platform to gain exposure and opportunities to meet international fund providers, venture capitalists, and mentors. The initiatives were proposed with an aim to create a startup synergy within APEC, foster startup growth and strengthen economic growth momentum.

APEC Global Challenge as a Global Platform for Quality Startups and High-Value VC investments

Since 2013, the APEC Global Challenge, hosted by Chinese Taipei, and sponsored by Intel and Siemens, has seen over 90 quality startups and 1,000 international incubation representatives from 21 APEC member economies coming together to help innovative SMEs in digital and technology industries go global and pursue high growth. Several outstanding startups from Chinese Taipei were approached by angel investors and VCs after the APEC Global Challenge and gained not only funding but also valuable international exposure, bringing their potential to full play. ServTech's innovative service helps companies improve production processes through big data analysis, which not only own the first-place award in the 'Internet, Software and Mobile' category at Intel Global Challenge in Silicon Valley but also received investment from Chinese Taipei's National
Development Fund. **HyXen** raised an investment of over US$1 million from Foxconn along with an opportunity to not only access resources but also cooperate with the ICT manufacturer giant to develop further in the mobile sector. **HyXen** has been ambitious in its plan to deploy more comprehensively in areas such as mobile advertising, positioning technologies, and smart home. **AirSig** features an airborne signature system that employs eight-axis code authentication technology that allows the user to use his/her phone as a pen and write in the air a self-defined password (can be text or image) to complete personal identity authentication. This highly secure and convenient innovation with its unique encryption technology successful attracted US$2 million from Foxconn, setting a new record for the highest-value startup in Chinese Taipei.

**Viscovery** is a provider of image recognition services. Its latest technology that combines image recognition, machine learning and big data analysis enables users to search in just a few seconds information about a product by simply taking a photo of it. This invention brought the company A-round investment of US$5 million from famous venture capitalists in the US, China and Chinese Taipei. Gogolook showcased its feature product "whoscall," which is a caller identification and phone number management service that shows the phone user the identification of the caller when the phone rings, indicates the future of the call (marketing, harassment, etc.) and even filters out calls from blocked phone numbers. The company was soon acquired by Naver from South Korea, the parent company of LINE, with US$18 million. **Golface** provides digital solutions to golf clubs using a three-screen-and-one-cloud strategy. By integrating the three screens (pad screens, phone screens and computer screens) with the cloud, **Golface** offers software and hardware that can be used by both staffs and club members. Staffs can easily access an online management platform via an iPad while club members can download a free iPhone app to view real-time data about the golf course, team scores, fairway strategies, etc. The company acquired an investment of NT$15 million (approximately USD 455 thousand) from Phison Electronics Corp, Quanta Computer Incorporated, and Sunrise Group. These teams are examples of successful startups that went global after participating in the APEC Global Challenge. The total investment gained as a result of the three installments of the APEC Global Challenge domestically and internationally exceeded an impressive US$ 850 million.

**Startups from Chinese Taipei excelled Again in the Final Round of 2015 APEC Challenge**

In 2015, two warm-up events were held respectively in Atlanta, the United States and Iloilo City, the Philippines, helping many innovative SMEs in the digital and technology industries successfully go global and gain high growth. In the 2015 APEC Global Challenge, teams from Chinese Taipei performed exceptionally and kept 6 awards out of 10 at home, including the top Intel award of US$100,000. There were 31 teams from 16 countries competing in this year’s challenge. There were 12 teams from Chinese Taipei, including **Zuvio**, which in July won the championship of a startup competition, Fu Sheng’s Dream Squad, with its cloud-based instant interactive system; **Docceo** with its smart hotel proposal; **GHOSTA** with its smart helmets; **Sense-i** with its navigation glasses for the visually impaired; **Loopd** with its wearable devices; and **iStaging** with its digital makeup services. Together with other teams from Singapore, Japan, the Philippines, and India, these teams competed for 10 major awards in four categories: Interactive Learning, Immersive Collaboration, Smart Mobility, and Smart Home. The awards included US$100,000, and
opportunities to participate in Intel Challenge Up! Summit Europe, business matching at Pujiang Innovation Forum, and collaboration with Intel and Siemens. Meanwhile, to encourage female and youth entrepreneurship and offer more incentives to Chinese Taipei finalists, several special awards were offered, such as Women Entrepreneur Award, Teamwork Award, Online Popularity Award, and the SMEA Award. We remain united and steadfast in supporting an open, predictable, rules-based, and transparent environment for trade and investment that enables meaningful access to economic opportunities.
I. APEC' s Action Agenda to Globalize MSME

The Boracay Action Agenda to Globalize MSMEs ( "the Boracay Action Agenda ") was proposed by the Philippines in 2015 and adopted by APEC member economies during the Ministers Responsible for Trade (MRT) Meeting in May in the same year which targets enhanced MSME participation in regional and global trade by 2020. The background of the initiative is as follows.

Background

Since its inception 25 years ago, APEC has been promoting regional economic integration and cooperation. However, despite APEC' s many successes in this regard, inequity and inclusiveness of economic development remain the biggest challenge across the region. Statistics in one issue of the APEC SME Monitor show that in the Asia-Pacific region, MSMEs account for 98% of the total business incorporations and provide 64% of total jobs and 41% of total GDP, proving that MSMEs are significant contributors of economic growth, trade, employment, and innovation, and that their internationalization is key to realizing inclusive growth and development. It is expected that the emergence of digital economies and global supply chains and the proliferation of preferential trade agreements will create significant opportunities for SMEs to participate in trade. Therefore, promoting MSME growth in a bid to facilitate inclusive regional development continues to be a pressing issue demanding special focus.

APEC has embarked on many initiatives to encourage the participation of MSMEs in regional and global trade. These various initiatives fall under two broad categories: those that address the growth of MSMEs mainly through capacity building programs (such as trainings and published guidelines), and those that aim to facilitate the participation of SMEs in global value chains (GVCs).

For the capacity building needs, the APEC SMEWG Strategic Plan for 2013-2016 provides a clear roadmap to address critical issues pertaining to the growth of MSMEs in the APEC region with the three priority areas for action and related objectives, namely, 1) building management capability, entrepreneurship and innovation; 2) financing; and 3) business environment, market access and internationalization. During the joint meeting of Trade and SME Ministers in 2011, recognizing the adverse effects of the existing trade regime on SME participation, Ministers identified nine barriers faced by SMEs in trading in the region. However, GVCs primarily benefit medium enterprises and few micro and small enterprises are able to join due to cumbersome rules and procedures, preventing micro and small enterprises from providing products meeting the needs of GVCs.

In light of this, the Boracay Action Agenda led by the Philippines places special emphasis on strategies that help micro and small enterprises participate in cross-border trade and incorporate relevant specifications early in policy making processes. Also, the Boracay Action Agenda identifies regulation transparency and MSME involvement in policymaking as effective ways to integrate MSMEs into GVCs. The Agenda further notes that APEC can emphasize and reinforce
this thrust by giving due importance to micro and small enterprises. For this purpose, the Agenda has begun referring to this group of businesses as micro, small and medium enterprise (MSME) in place of the traditional small and medium enterprise (SME).

The Boracay Action Agenda

The Boracay Action Agenda bids to harness the opportunities presented by open and increasingly integrated markets and to take advantage of new opportunities that allow these enterprises to more significantly participate in global trade. Trade liberalization, trade finance, e-commerce, and institutional support are priority areas of cooperation where APEC actions are needed to foster MSMEs' participation in global and regional markets, and one of the best ways APEC can help MSMEs enjoy a more trade facilitating environment is to support implementation of the WTO Trade Facilitation Agreement. Thus, the actions of the Agenda are as follows:

1. Simplify and streamline rules of origin (ROO) procedural and documentary requirements and harnessing IT to ease documentation and procedures. Relevant policy options include 1) considering a commercially-significant threshold value for the waiver of certificate of origins (COs); 2) encouraging the adoption of the self-certification system for ROO to facilitate trade; and 3) actively participating in the implementation of the Electronic Certificate of Origin (eCO) Project led by the Electronic Commerce Steering Group (ECSG).

2. Deregulation customs-related rules and regulations and assist in the compliance of MSMEs. That is, encouraging member economies to establish commercially useful de minimis values that will exempt low-value express and postal shipments from customs duties and from certain entry documentation requirements; and encouraging the removal of the requirement of the Certificate of Non Manipulation (CNM).

3. Provide timely and accurate information on export and import procedures and requirements. Measures pertaining to this action include 1) enhancing information sharing and transparency through the development of guidebooks on doing business in sectors where MSMEs are most concentrated, as well as strengthening and promoting the usage of trade information portals on goods and services trade, e.g., APEC Trade Repository proposal, APEC STAR Database; 2) encourage the review of import licensing requirements and administration, with a view to increasing their transparency and predictability; and intensifying information exchange on food packaging and labeling requirements, and 3) undertaking regular stocktake initiatives and capacity building for the compliance of MSMEs.

4. Widen the base of Authorized Economic Operators (AEO) and trusted trader programs (TTP) to include SMEs in order for them to contribute to security, integrity and resiliency in supply chains. Measures pertaining to this action include 1) further advancing the formulation of best practice guidelines for the development and enhancement of AEO and TTP programs, and work towards forming an APEC-wide network of AEOs/TTPs; and 2) continue to carrying out capacity building on AEO and TTP, including increasing SMEs awareness and understanding of and compliance with AEO/TTP requirements.
5. Support measures to widen options on financing for MSMEs and further develop the infrastructure to facilitate lending to them, including 1) promote inclusive finance mechanisms with focus on broad-based financial products and services such as equity finance, venture capital mechanisms, trade and supply chain finance and business risk protection; 2) developing efficient and effective infrastructure for credit information; 3) enhancing cooperation among financial institutions, and promote designated loans for MSMEs in supporting mutual investment across member economies; and 4) supporting open and transparent business environments through discussions on possible codes of ethics.

6. Expand internationalization opportunities for micro and small enterprises providing goods and services through ICT and e-commerce: 1) cooperate with ABAC in identifying and promoting strategic e-commerce platforms and innovative business models for micro and small enterprises to support buying and selling activities (B2C), business matching opportunities (B2B), and online-to-offline commerce (O2O); 2) implementing capacity building in order to promote international networking and to increase cross-border business opportunities for MSMEs by localizing/customizing ABAC’s Cross-Border E-Commerce Training (CBET) Programme; 3) encouraging the availability of next-generation high-speed; 4) identifying and promoting policies and regulatory frameworks for creating conducive environment for e-commerce and address unnecessary regulations that constrain the ability of MSMEs to participate in e-commerce.

7. Strengthen institutional support for MSMEs: 1) fostering clustering of MSMEs, including through cooperatives, to gain economies of scale in both product and export markets; 2) exchanging best practices in data collection on MSME statistics; 3) building a regional network of MSME innovators and accelerators (e.g. internship consortium, APEC SME Service Alliance, innovation centers, supply chain institutes, women and youth networks) as part of an ecosystem which supports enterprise creation and increases the innovation capabilities of MSMEs; 4) promoting wider linkage between small and large enterprises in pursuing greater MSME participation in regional and GVCs; 5) fostering MSME Business Continuity Planning; and 6) supporting the establishment of the APEC SME database on innovative best practices.

8. Strengthen focus on MSMEs led by women: 1) fostering the use of gender-disaggregated data in measuring the economic and social impacts on MSMEs; 2) promoting an understanding of the divergent constraints faced by male and female-led MSMEs; and 3) encouraging exchange of best practices on women-friendly interfaces with customs and other border authorities.

Moreover, the Agenda notes that APEC should encourage clarity on important MSME issues to address the barriers in key committee and sub-fora requiring cooperation among economies. Cross-fora collaboration in initiatives particularly links between APEC and ABAC, between SOM and SFOM, and under SOM (CTI, SMEWG and other relevant fora) to address the challenges MSMEs face will ensure that APEC’s cooperation efforts for MSMEs are effective. Information sharing and stronger coordination across aforementioned fora will enhance complementation of projects and initiatives and promote efficient use of resources. Further, cooperation with international organizations and forums, especially those that are giving MSMEs greater emphasis, will link APEC’s work to global efforts (e.g. UNCITRAL, G20, OECD, ERIA).
Finally, as a common goal towards 2020, the Agenda aims to significantly increase global participation of MSMEs in the APEC region by 2020. It is planned that a review will be conducted before 2018 for a report to be released on 2020. To this end, APEC in cooperation with OECD will identify globalization indicators for MSMEs in order to evaluate progress.

II. Developing a Digital Economy Action Plan: Connecting MSMEs to Global and Regional Markets

The initiative Developing a Digital Economy Action Plan: Connecting MSMEs to Global and Regional Markets ("Digital Economy Action Plan") led by the United States was proposed this year to facilitate the development of e-commerce and trade among MSMEs in the APEC region. The background of the initiative is as follows.

Background

APEC economies have been active in the promotion of regional integration as manifested in the many partnership agreements such as FTAAP, TPP and RCEP over the past few years. It is therefore easy to imagine the reinforced growth momentum of trade in this region in comparison to other regions in the world.

The rapid development of digital economies and mobile internet has led to the creation of new business models and applications. One example is the waning of traditional large-quantity shipping model which is more cost effective but less flexible in the face of the current rise of small orders and shipments aided by technology innovations. The O2O (online-to-offline) business model is expected to become prevalent in the region thanks to maturing e-payment technologies and evolitional changes brought by electronic and mobile commerce that enable consumers to communicate with businesses and complete transactions with far less geographical restrictions.

According to 2014 APEC CEO Survey Report, more than 60% of SMEs use the internet to do business in Chinese Taipei and the United States, but the percentage is rather low in the rest of Asia Pacific. In China, for example, the SMEs that use the internet to do business only account for 20-25% of all enterprises. Therefore, it is needed to help SMEs in the region to develop e-commerce. In response, the United States proposed the Digital Economy Action Plan in APEC this year, stating that the public sector should play a key role in pooling and allocating resources and advancing cross-border trade through e-commerce for SMEs in the region. The development of the plan is as follows.

At the 2015 APEC Second Senior Officials Meeting in May, the United States tabled the initiative of "Enabling Inclusive Growth through the Digital Economy" which includes four priorities, namely: 1) conduct an APEC Digital Economy Agenda; 2) conduct an independent Digital Economy assessment; 3) conduct a Digital Economy Action Plan for connecting MSMEs into global and regional markets and; 4) identify "facilitating Digital Trade for Inclusive Growth" as a Next Generation Trade and Investment issue.

Prior to the APEC Second CTI Meeting this may, the United States proposed "Facilitating
Digital Trade for Inclusive Growth as a 2015 Next Generation Trade and Investment Issue" and sought the endorsement of the competent authorities responsible for trade and investment from each member economy. The initiative includes identifying "facilitating Digital Trade for Inclusive Growth" as a Next Generation Trade and Investment issue, taking stock of digital trade barriers, as well as setting objectives and timeline for the development of digital trade.

At the APEC third CTI Meeting in August, the United States renamed the initiative "Work Plan for Advancing 'Facilitating Digital Trade for Inclusive Growth' as a Potential Next Generation Trade and Investment Issue" and the proposal was approved. The initiative includes holding a series of trade policy dialogues and public private dialogues in 2016, assigning Policy Support Unit (PSU) to conduct independent research for CTI to consider whether to recognize the plan as a Next Generation Trade and Investment issue in 2016.

Following the approval of its work plan by SOM and CTI, the United States' proposal of the "Digital Economy Action Plan" was approved at the APEC SME Ministerial Meeting in September. MSMEs has since been officially incorporated into APEC' s digital economic initiative.

Content of the Action Plan

The action plan not only echoes the Boracay Action Agenda to Globalize MSMEs, but also incorporates related work of the APEC economies, including Chinese Taipei, Australia, Hong Kong, Japan and the Philippines. For example, the work agenda of Chinese Taipei such as APEC Accelerator Network Forum, Business Continuity Planning and O2O initiatives are included, as follows:

I. 2015

1. APEC Accelerator Network Forum I & II: AAN Forum I was held during the APEC SMEWG Meeting in Atlanta, USA in June in 2015, discussing how to leveraging the digital economy to connect SMEs to global and regional markets. AAN Forum II was held in September during the APEC SMEMM in Iloilo City, the Philippines, seeking ways to foster digital economy through AAN as part of the Digital Economy Action Plan (DEAP).

2. APEC Summit and Training Workshop on Promoting SME Business Continuity Planning: Held in Taipei in July, the event invited specialists to share how to enhance SMEs' digital resilience through a cybersecurity frame, including a set of standards, methodologies, procedures, and processes that align policy, business, and technological approaches to address cyber risks. The event pointed out that in an era of digital economy and big data, increasing SMEs' digital resilience and protecting their digital assets have become the priority of business continuity planning.

3. APEC Accelerator Network Summit and Global Challenge: Held in Taipei in October, the event provided a digital innovation driven platform for innovative start-ups from APEC member economies to share best practices regarding four digital technology applications, including Interactive Learning, Immersive Collaboration, Smart Mobility and Smart Home.
II. 2016

4. APEC SME O2O Workshop- Viet Nam: The event will be held in 42nd SMEWG in Viet Nam in April and identify e-commerce barriers facing the APEC SMEs and O2O best practices that facilitate Digital Trade for SMEs.

5. APEC Summit on New Era of Growth for SMEs through O2O Business Models: The event is scheduled to be held in Taipei in July. Member economies will share O2O best practices, some of which will be selected and incorporated into APEC Guidebook on SME O2O. The publication will serve as a substantial training tool for SMEs.

6. APEC SME O2O Workshop- Peru: The event will be held during the 23rd SME Ministerial Meeting in Lima, Peru in September to showcase APEC Guidebook on SME O2O, report the implementation of related projects and provide policy recommendations.

Implications and Suggestions

Both the "Boracay Action Agenda to Globalize MSMEs" and the "Digital Economy Action agenda" link SMEs with issues regarding regional economic integration, trade and investment as well as regional interconnectivity. The two initiatives have been endorsed by APEC leaders and identified the objectives for the development of SMEs in APEC economies.

In light of this, APEC economies should respond to these trends and help SMEs develop and transform. For the needs of business creation and financing, "Boracay Action Agenda to Globalize MSMEs" can be a useful tool to direct resources to activities related to early-stage investment. Examples of financing options may include events held by APEC, private organizations, accelerators, incubators, etc. As for the adoption and development of ICT and e-commerce, it is essential to leverage the "Digital Economy Action Plan" proposed by the United States, and the Chinese Taipei led "New Era of Growth for APEC SMEs through Online-to-Offline (O2O) Business Models" to help domestic SMEs gain more global resources and raise their international profile.

In conclusion, it is essential for the member economies to leverage the APEC platform to stay on top of related issues and policies and cooperate with other economies in the region, thereby raising the awareness of the important trends. This will ensure the continuous inflow of global resources and strengthen the justification for formulating related policies to effectively promote public and private partnership. The APEC SME related initiatives in 2015 have set the stage for the future development of APEC SMEs. The public and private sectors should continue to keep track of the development of related issues and gain the vantage point in global and regional trade so as to pursue maximum benefits for SMEs.
New Era of Growth for APEC SMEs through Online-to-Offline (O2O) Business Models

Following the emergence of B2B, B2C, C2C, Web 1.0 and Web 2.0, a variety of new business models and their applications have been developed and continued to evolve with technological advancement. The growth of mobile payment technologies, for example, has been driven by the continuous progress of computer and communications technologies. This will benefit the development of e-commerce and mobile commerce, thereby bringing about revolutionary changes to businesses around the globe. Thanks to the development of e-commerce, now businesses can immediately communicate with consumers and complete transactions across borders. Therefore, it is important for Asia Pacific to exploit the enormous potential of O2O (Online-to-offline) business models. In Asia Pacific, SMEs account for 98% of all enterprises and 63% of employment. The sustainable development of the SMEs not only ensures economic growth and stability in the region but also strengthens the global supply chain. Due to their small scale, limited resources and lack of human capital, SMEs are often faced with operation and management issues during its development. In light of this, Chinese Taipei proposed "New Era of Growth for APEC SMEs through Online-to-Offline (O2O) Business Models " in 2015 and the proposal was approved in July of the same year. In response to the 2015 APEC theme of "Building Inclusive Economies, Building a Better World ", the project will collaborate with top e-commerce platforms around the world such as eBay, Amazon and Alibaba to help SMEs get familiar with and adopt the O2O model that will provide them with faster and easier access to the global market at a lower cost. This will transform them into high-growth SMEs and facilitate the region’s economic development in the new era.

Content of the Project

In order to foster SME’s participation in regional and global markets, which is one of the four APEC’s 2015 priorities, the project aims to help MSMEs gain entry into global markets and achieve high growth and internationalization. Another purpose of the project is to network with e-commerce platforms and provide best practices for MSMEs to be integrated into international markets within a shorter period of time. The project will also produce policy recommendations for APEC members to promote the use of O2O models in their economies. Details of the project are described below.

I. Analyzing the O2O Business Models in Asia Pacific

The project will connect e-commerce platforms around the world, such as eBay and Amazon (the United States), Alibaba (China) and Rukuten (Japan) and ask APEC members to recommend O2O best practices. The project will identify e-commerce barriers facing MSMEs and analyze their marketing strategies, client management and revenues in order to provide policy recommendations and publications as a reference for MSMEs to develop in Asia Pacific.
II. Organizing a SME O2O International Forum

In July 2016, the project will hold a two-day O2O international summit in Taipei, inviting more than 200 experts and scholars, including representatives from ABAC and APEC SMEWG, e-commerce operators, multinationals and SMEs to discuss the innovative applications of e-commerce and the trends regarding O2O. In the event, at least 20 plus SMEs O2O best practices will present and provide recommendations for the model’s future development. APEC members will benefit from the policy recommendations to promote the use of O2O models in their economies.

III. Organizing two SME O2O Workshops

Two one-day O2O workshops will be held in early 2016 in Vietnam and during the SME Ministerial Meeting in mid-2016 in Peru. The workshops serve as a platform for member economies to share O2O innovative ideas. In addition, O2O best practices will be showcased. MSMEs can learn from the examples to grow and engage in innovative activities.

Development Prospect

In the short term, the project will formulate strategic plans regarding MSMEs' business environment, market access and internationalization in order to help them enter global markets. The mid-term goal is to strengthen public and private partnership and increase collaboration among SMEWG, ABAC and HRDWG. In addition, the project follows the joint statement of leaders of APEC 2014 to encourage the development and cooperation of e-commerce platforms in APEC economies, advance their inter-connectivity and facilitate SMEs' access to international markets. The project also echoes the theme of the SME Ministerial Meeting of 2015 APEC, "Mainstreaming Micro, Small and Medium Enterprises in the Global Economy" and sub-theme, "Removing Trade Barriers to Facilitate MSME Entry to Markets " and serves as a basis for the United States to develop its concrete steps to implement the "Digital Economy Action Plan for MSMEs."