

3 August 2021

Hon. Stuart Nash

Chair, APEC SME Ministerial Meeting
Minister for Small Business
New Zealand

Dear Minister,

We, the members of the APEC Business Advisory Council (ABAC), are pleased to share with you our recommendations for supporting the success of micro-, small and medium-sized enterprises (MSMEs) and for the promotion of entrepreneurship.

This is a critical topic, not just for APEC's agenda today, as we look towards post-COVID economic recovery, but also as we seek to realize the APEC Putrajaya Vision 2040 for an open, dynamic, resilient and peaceful region. In keeping with our ABAC theme for 2021 – “People, Place and Prosperity, or *Tāngata, Taiao me te Taurikura*” – the needs and interests of our people must be at the heart of everything we do.

The case for taking action to support MSMEs has always been strong: they represent more than 97 percent of all enterprises in the APEC region and provide over half of the employment in the region. But the need is now even more urgent: these companies have been hit hardest by the COVID-19 pandemic and face a disrupted – and indeed, transformed – operating environment. We accordingly urge APEC economies to prioritize efforts to equip MSMEs with both the skills and the enabling environment that the current situation demands. Bringing a “wellbeing” lens to the design of support mechanisms will help to underpin future resilience. We must also take care to address the particular structural challenges facing under-represented groups, including women entrepreneurs and Indigenous businesses.

Boosting digital transformation

One of the highest priorities should be around building the necessary digital literacy, skills and capabilities for MSMEs to operate in a more digitalized world. COVID-19 has accelerated the digital transformation of APEC economies: being able to leverage digital technologies, grounded in a strong digital culture which includes skills, leadership, and governance, is fast becoming a necessity for all businesses.

We urge APEC economies to develop a new digital ‘one stop shop’ platform to enable MSMEs to access the best that the region can offer in digital education and advice throughout their digitalization journeys. This ‘one stop shop’ could also serve as a platform for the active startup ecosystem to connect, through matching startups with investment and other businesses. However, it will be critical to ensure that any new platform is adequately resourced, maintained and promoted, with active public-private efforts in all economies to raise awareness and accessibility.

An enabling digital ecosystem

Enhanced digital skills will only make a difference if MSMEs are also operating in a more enabling environment, which enhances competitiveness, reduces costs and increases efficiency. **We urge APEC economies to prioritize work in two areas.** First, interoperable e-invoicing would enhance MSME resilience, facilitating trade and lowering carbon footprints while freeing up businesses to focus on growth and innovation. This requires action on both standards and legal/regulatory settings. Second, priority should be given to creating a more seamless and interoperable policy and regulatory approach for digitalized businesses. Actions should include a permanent shift to the acceptance and adoption of electronic trade documentation, recognition of e-signatures, and a coherent and MSME-friendly approach to the tax and Customs duties treatment of low-value e-commerce shipments.

Beyond digital: Sharing best practices, including on payment terms


ABAC has been keeping a close watch on the best recent policy practices implemented in the APEC region in support of MSMEs. A large share of these public efforts has been related to financing and employment support. This is certainly critical, but there has not been sufficient focus on digital empowerment, nor on more fundamental systemic barriers to entrepreneurship. At the same time, the evolving and highly variable impacts of COVID-19 on MSMEs are not well understood. Targeted APEC-wide research could help policymakers to identify best practices and tailor their interventions more effectively. **We encourage APEC economies to undertake such research to inform better policy approaches.**

In this context, we recall the APEC MSME Marketplace, intended to provide a portal for MSMEs to access relevant information and resources. Unfortunately, the portal is not well maintained, contains out of date information and has little active promotion. It would be more effective if it were placed in the APEC Trade Repository and was actively managed, updated and promoted. **We urge APEC economies to prioritize these actions to enhance MSME opportunities.**

Our own research makes plain that one of the most effective priority actions would be to ensure that payments to MSMEs are timely. In effect, policymakers and large companies commonly 'borrow' from MSMEs by imposing extended terms for payment for goods and services rendered. This creates a spectrum of problems for MSMEs, from cashflow and business planning, through to job loss and bankruptcy. This is at odds with creating a resilient small-business economy in the post-COVID world. Economies have different policies in place – or in many cases, no policy at all. **We urge APEC economies to commit urgently to timely payment policies (for example, on 14-day terms) for all government purchases, and to encourage their business community to make the same commitment.**

In conclusion, collaboration between the private sector and policymakers can help us all to build back to a stronger and more resilient regional economy. MSMEs will be key to this. Our collective work towards the actions detailed above will help us to achieve a more inclusive region much more quickly. We look forward to discussing this in more detail in October.

Yours sincerely,



Rachel Taulelei
ABAC Chair 2021
