



Challenges and Opportunities in Green Growth for SMEs
and Asia-Europe Co-operation

A Joint Statement of the Participants of ASEM Forum 2010 on
Green Growth and SMEs

Seoul, Korea, 7th May 2010

The 2010 ASEM Forum on Green Growth and SMEs was held in Seoul, Korea on 6th and 7th May 2010, hosted by the Ministry of Foreign Affairs and Trade (MOFAT) and the Small and Medium Business Administration (SMBA) of the Republic of Korea. The Forum was attended by more than 700 senior government officials, experts and business people from Asia and Europe and discussed national and regional policies for green growth, technology action plans for climate change mitigation, opportunities and challenges for SMEs related to green growth, best practices of green innovative SMEs, and implications of the green growth economy for Asia-Europe co-operation on SMEs. The present document is a joint statement of the participants of the Forum summarizing the discussions and agreements at this Forum.

Green growth can be seen as a way to pursue economic growth and development, while avoiding environmental degradation, biodiversity loss and unsustainable use of natural resources.

SMEs represent the majority of enterprises and constitute a significant economic force. They are a unique and diverse group and are a main engine of innovation and growth, as well as a main employer in national economies. As such, they are expected to play a critical role in the promotion of green growth. Co-operative efforts among ASEM members to

encourage the SMEs to play this role with greater effectiveness will be important, not only for their own growth and development, but also for maintaining growth dynamism while also mitigating, and adapting to, climate change. SMEs of ASEM members should be encouraged to actively respond to the emerging new paradigm of green growth for the world economy. Co-operative efforts among the ASEM members will be crucial in enabling the SMEs in Asia and Europe to do so effectively in the context of healthy global market competition and business collaboration.

The Forum conducted in-depth discussions on contributions that SMEs could make toward green growth and the possible co-operative policy actions that could be taken to secure maximum room for the SMEs to make those contributions.

In this regard, we agree that ASEM members could consider:

- 1) exchanging policy experiences and best practices in the fields of renewable energy and energy efficiency improvement;
- 2) co-operating with one another in order to provide their SMEs with information on environmental regulations of the members, as well as on business management programs and technology innovation aimed at coping with these regulations with maximum cost-effectiveness;
- 3) providing SMEs with continuing opportunities to learn eco-friendly business practices and adapt their business model; and
- 4) encouraging technology transfer and sharing among members.

The participants in the ASEM Forum 2010 agreed on the following:

1. International co-operation to enable SMEs to fully utilize new business opportunities.

The Forum recognized that SMEs are now facing new business opportunities in the ongoing commercialization of R&D outcomes that ASEM economies are achieving in the pursuit of eco-friendly industrial development, such as renewable energy technologies and energy efficiency improvements. Therefore, we agree on the necessity and importance of international co-operation to encourage SMEs to effectively utilize those opportunities.

1-1. In particular, facilitating R&D for renewable energy and energy efficiency and providing SMEs of members with appropriate tools will bring more business opportunities to the SMEs. This includes adequate provision of information with which to easily access the outcomes of such R&D, removal of barriers for conducting green business and application of market based incentives. In this respect the Forum participants encourage ASEM governments to set up supporting schemes to promote green growth projects. Public-private partnerships can be a very effective way to implement this.

2. International co-operation to let SMEs access environmental regulations with ease

The Forum recognized that accessing environmental regulations of foreign members is a tremendous challenge to SMEs. Therefore, we agree that international co-operation is necessary and important in order to help the SMEs overcome this challenge in cost-effective ways. Preparing, publishing and continuously updating compendia of information on environmental policies and regulations of the individual members will address this need, greatly helping SMEs to reduce their costs of gathering such information.

2-1. For example, an internet portal site which collects real-time information on environmental regulations, standards and labeling requirements of each member, translating them into a common language, and making them available to SMEs, could create a solid foundation for eco-friendly business management of SMEs which face difficulties in complying with various environmental regulations due to information shortage. In doing so, use should be made of available other sources of information regarding this.

3. Improving the SME environment in developing and emerging economies through international co-operation

The Forum recognized that it is necessary to encourage and enable SMEs to contribute to efforts to enhance energy efficiency and improve the environment, but that they face limitations in this regard due to lack of know-how and capability for transforming current production processes into eco-friendly ones, and developing new energy saving production equipment. This depends not just on technology development. Changing enterprise attitude and culture is also important. Furthermore financing and securing the necessary

resources constitute a particularly challenging environment for SMEs in developing and emerging economies in particular. Therefore, we agree that active international co-operation is necessary to help developing and emerging economies to improve the business environment for their SMEs in this regard.

The Forum acknowledged that there are various, and often differing, standards and technological specifications for green products. This could hinder achieving a well working global market for eco-friendly products. The Forum noted that verification is a desirable step in gaining public trust for green businesses and green management practices, but that this could be very costly to SMEs. We agree on the necessity of international co-operation to help alleviate such cost for SMEs by using a flexible by-size approach. Policy frameworks, regulations and technical specifications should give priority to comparability of systems and components for delivering eco-innovative products and be based on, or consistent with, international standards.

3-1. Co-operative efforts could include:

- 1) facilitating technology transfer among members;
- 2) offering advanced-technology consulting for eco-friendly optimization of production equipment;
- 3) providing mutual market access to enterprises interested in doing business in green energy sectors;
- 4) establishing on-site education programs for the SMEs in developing and emerging economies to share advanced eco-friendly business practices; and
- 5) providing financial assistance for joint technology development for eco-friendly products, and green venture capital investment in the early business stages, thereby alleviating SMEs' cost burden from the verification need.

Those and other co-operative efforts between Asia and Europe could significantly enhance the contribution of ASEM SMEs to green growth at the global level.

4. Need for an ‘ASEM SME Eco-Innovation Center’

The Forum acknowledged that measures should be taken in order to translate the above agreements into specific and practical actions. We further agree that we may address this need by creating an international Center in one of the ASEM members that would serve as an intermediary institution which would promote such actions.

In this regard, we are pleased that the Government of the Republic of Korea, the host government of this Forum, has proposed to create, host and lead an ‘ASEM SME Eco-Innovation Center’ as such an intermediary institution. We welcome and support this proposal of the Korean Government.

4-1. We thus:

- 1) welcome the plans for setting up an ‘ASEM SME Eco-innovation Center (ASEIC)’, which could be established and operated in Korea, for the purpose of promoting Asia-Europe co-operation to create or enhance the infrastructure for international green technology co-operation involving innovative SMEs in both regions;
- 2) suggest that, through the Center, the ASEM governments could endeavor to assist the SMEs in Asia and Europe to accelerate their green innovation and further improve their green management practices, also by disseminating the beneficial outcomes to the rest of the world and to engage in technology demonstration activities;
- 3) recommend that the ASEM members set up a joint working group with appropriate private sector participation to develop and elaborate the relevant work contents for the Center; and
- 4) agree that the Center should be launched as soon as practicable.

4-2. We applaud the proposed initiative of the Korean Government and request the Korean Government to take leadership in the preparatory work for the launching of the Center, and further appreciate that the Government of Korea has agreed to seriously consider financially supporting the operation of the Center. We agree to forward this proposal to the ASEM Ministers and recommend the Ministers to consider supporting the proposal and agreeing to work together for its prompt and effective implementation.

5. Way Forward

Having reached the agreements as specified above on ‘challenges and opportunities in green growth for SMEs and Asia-Europe co-operation’, we, the participants in the ASEM Forum 2010, reaffirm the need and urgency to take specific co-operative actions towards improving the capacity of the SMEs for delivering green growth. It is reaffirmed that SMEs are a main player in our respective national economies and, in particular, in facilitating our common and mutually supportive progress on the path toward green growth. Green growth creates abundant new business opportunities for SMEs. Asian and European members should continue to co-operate closely to help SMEs realize these opportunities. The Forum participants encourage ASEM members to also promote an active participation of multilateral financial institutions involved in the respective regions, in the financing of green growth projects in Asia and Europe.

The participants in the ASEM Forum 2010 look forward to participating in further Asia-Europe dialogues on green growth and SMEs in the future.

6. Acknowledgement

We, the participants in the ASEM Forum 2010, agree that this Forum was a great success. It provided us with a very valuable opportunity to learn of the policies and business endeavors of the ASEM members on green growth and to discuss challenges and opportunities regarding green growth for SMEs. The Forum highlighted the possibilities for, and usefulness of, closer Asia-Europe cooperation.

We thank the Government of Korea, and in particular, the Ministry of Foreign Affairs and Trade and the Small and Medium Business Administration, the two Korean co-hosting ministries in particular, for their organizational efforts and congratulate them for the success of those efforts. The Korean co-hosts, in turn, thank all participants, and especially those from European and other Asian economies, as well as the EU and the OECD, for their participation in the Forum, expressing special gratitude to all the speakers for their informative and valuable presentations and commentaries. They also thank the respective governments which have helped them organize such participation.