

Annex 1

G7 COMMON POLICY APPROACHES FOR SMEs' COMPETITIVENESS AND INCLUSIVENESS IN THE NPR

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These G7 common policy approaches aim to support SMEs in leveraging the opportunities brought about by the Next Production Revolution and in overcoming barriers that could hamper their ability to gain a foothold in the digital era.

1. BRIDGING THE PRODUCTIVITY DIVIDE FOR SMEs

1.1. Improve access to financial resources for innovation investments

Lack of financial capacity to overcome the upfront cost of sophisticated ICTs can often be a barrier for SMEs' adoption of technologies. Facilitating access to finance will enable SMEs to invest in digital technologies as well as in the necessary complementary knowledge-based assets, such as skills, organisational capital, process innovation and digital services. Building on the G20/OECD High-Level Principles on SMEs Financing, we support efforts to strengthen SMEs access to traditional bank financing as well as efforts to diversify sources of finance for SMEs.



We the G7 ICT and Industry Ministers intend to:

- a. Promote networking and collaboration among interested actors to share information on a diverse set of public and private financing instruments, traditional and non-traditional financing sources to improve SMEs' access to finance and enable small firms to use intangibles alongside fixed assets as collateral to secure funding;
- b. Consider financial incentives for SMEs and start-ups, such as R&D tax credit and grants, directed to acquiring or developing knowledge and enabling technologies such as big data analytics, cloud and high-performance computing, the IoT, as well as security- and privacy-enhancing technologies.

1.2. Promote the uptake of technologies

We embrace common policy approaches to encourage investments in and adoption of productivity-enhancing technologies by SMEs, and in particular:

- a. disseminate “use cases” of emerging technologies in practice and future trends, through digital tools such as an “online use case map” built by Germany, France, and Japan, drawing directly from SMEs and larger companies that have positively used technology to improve their business, thus increasing trust and awareness on the positive effects of digitalisation;
- b. identify a suitable range of policy approaches to improve technical and managerial skills, especially vocational education and “on-the-job” training, through the exchange of experiences among all relevant stakeholders, including trade unions and business associations;
- c. encourage identifying and mapping of competence centres and digital innovation hubs, sharing management and marketing expertise and best practices in the use and adoption of emerging technologies, to enhance business operations and productivity;
- d. foster SMEs-to-SMEs and SMEs-to-larger enterprises networks, on a voluntary basis, and cooperation alliances in global value chains, monitoring different scenarios, including analysis and use of digital data.

2. FOSTERING START-UP ECOSYSTEMS AND INNOVATIVE BUSINESS MODELS

2.1. Create favourable conditions for new market opportunities and jobs

Recognising the critical role government can play to create favourable business conditions that support new business models and new market opportunities, we intend to:

- a. promote the exchange of experiences in policy initiatives and their effectiveness to remove barriers to the development of start-up environments;
- b. promote access to risk capital for start-ups and scale-ups;
- c. promote cross-sectoral and multistakeholder cooperation through acceleration facilities and incubators, including business angels networks, business mentoring and matchmaking platforms;
- d. promote cooperation at international levels to support the use of e-commerce and platforms as instruments of digital trade while assessing the social and economic benefits and challenges of digital platforms as well as the appropriateness of related policy and regulatory frameworks;
- e. involve the private sector in the dissemination of new insights on market research towards SMEs;
- f. use, on a voluntary basis, public procurement policy to create new markets for innovative products and services such as through innovation and green public procurement;
- g. exchange good practices on how to stimulate and support new business models.

2.2. Reduce unjustified regulatory burdens

Start-ups and new firms may face administrative and regulatory burdens that hamper firm dynamics and their capacity to scale-up, especially during their early stage development.

We will therefore:

- a. work to reduce administrative barriers to new firms and start-ups, reducing costs and making setting up a new firm online easier and accelerate restart of failed founders (“second chance”);
- b. further promote policies aimed at reducing regulatory uncertainties, complexities and inconsistencies;

- c. consider how regulations designed in the pre-digital era may need to be improved to ensure a non-discriminatory treatment among economic actors.

3. PROMOTE COLLABORATIVE INNOVATION ECOSYSTEMS

We promote cross-sectoral collaboration among all stakeholders of the innovation ecosystem by encouraging the collaboration and knowledge exchange between SMEs, start-ups and large firms with universities and research centres, as well as with financial actors, and the public sector.

We are engaged in:

- a. Actively fostering sectoral and cross-sectoral collaboration between science (universities and research institutes), start-ups, SMEs, large industries and trade unions, including collaboration through digital “challenge prize platforms”, involving all relevant stakeholders;
- b. Sharing best practices on the mobility of skilled labour and promote connections and knowledge exchange between scientific institutions and businesses at both national and international levels;
- c. Encouraging voluntary technology diffusion, as well as instruments to facilitate the adoption and use of knowledge in traditional SMEs.

4. IMPROVE THE EVIDENCE BASE FOR DESIGNING BETTER TARGETED POLICIES

Deepening our knowledge and understanding of the impact of digital transformation on SMEs will help us design better targeted policies.

We therefore engage in:

- a. common policy approaches, sharing best practices of successful policies and programs and sharing information on outcomes;
- b. taking advantage of the existing and ongoing work of the OECD, to better understand the impact of digital transformation on SMEs, within the “Going Digital” Project.