

# **General Session: Review of the Legal and Business Case for Medical Device Sector Code of Ethics**

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# The “Business Ethics for APEC SMEs” Initiative

## Key rationale

- SMEs (Small and Medium Enterprises) are the engine of economic growth and can serve as a key driver in global economic recovery as long as they are able to operate and innovate in open, ethical business environments.

## 16 co-sponsors

- Australia, Brunei Darussalam, Canada, Hong Kong China, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, The Philippines, Singapore, Chinese Taipei, Thailand, Vietnam

# The Legal and Business Case for Ethical Business Environments

## Unethical behavior hurts economies

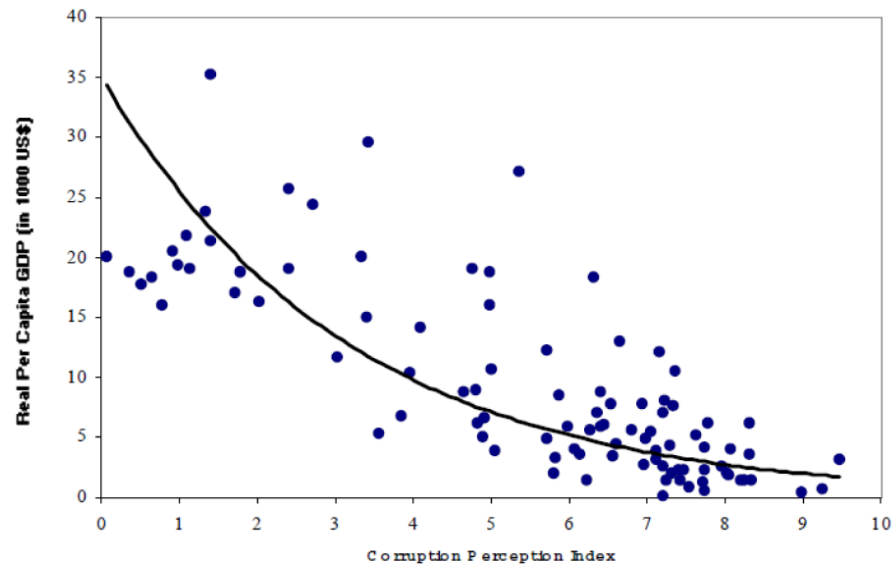
- Negative impacts on inflation
- Decreased GDP
- Currency depreciation
- Reduced foreign investment
- Undermined health systems

## Unethical behavior hurts individual businesses

- Increases the costs of doing business (through bribes and penalties)
- Lowers sales growth and productivity
- Lowers the ability to enter new markets
- Constricts access to capital
- Over the long term undermines a company's financial growth

# The Legal and Business Case for Ethical Business Environments

**Relationship between Corruption and Development**  
(in 97 countries)



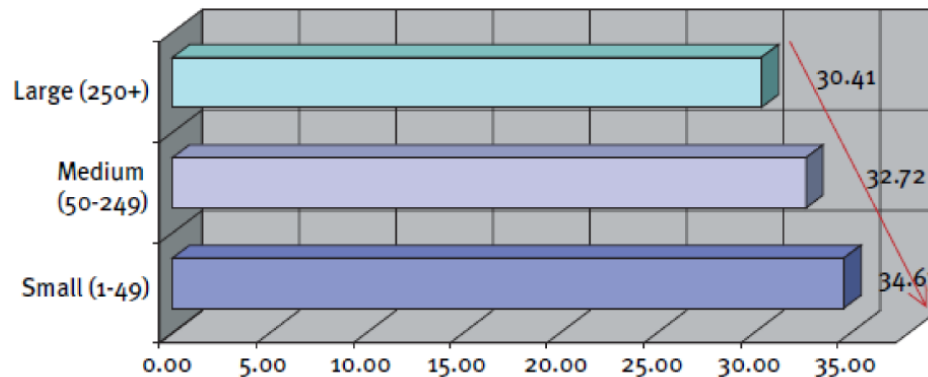
- Countries with higher perceived corruption tend to have lower real per capita GDP.
- Putting it differently, countries with low per capita income tend to have higher corruption.

# The Legal and Business Case for Ethical Business Environments

- According to the World Bank Institute, more than **\$1 trillion dollars** (US\$ 1,000 billion) are paid in bribes every year. This means that each year the cost of corrupt activities is equal to a full **3%** of the world's GDP.
- Nearly 40 percent of Africa's Gross Domestic Product (**GDP**) is lost annually in **corruption** related practices, according to the Director of Kenya Anti-**Corruption** Commission (KACC) Professor. PLO Lumumba. (August 20, 2010, NAIROBI)

# The Legal and Business Case for Ethical Business Environments

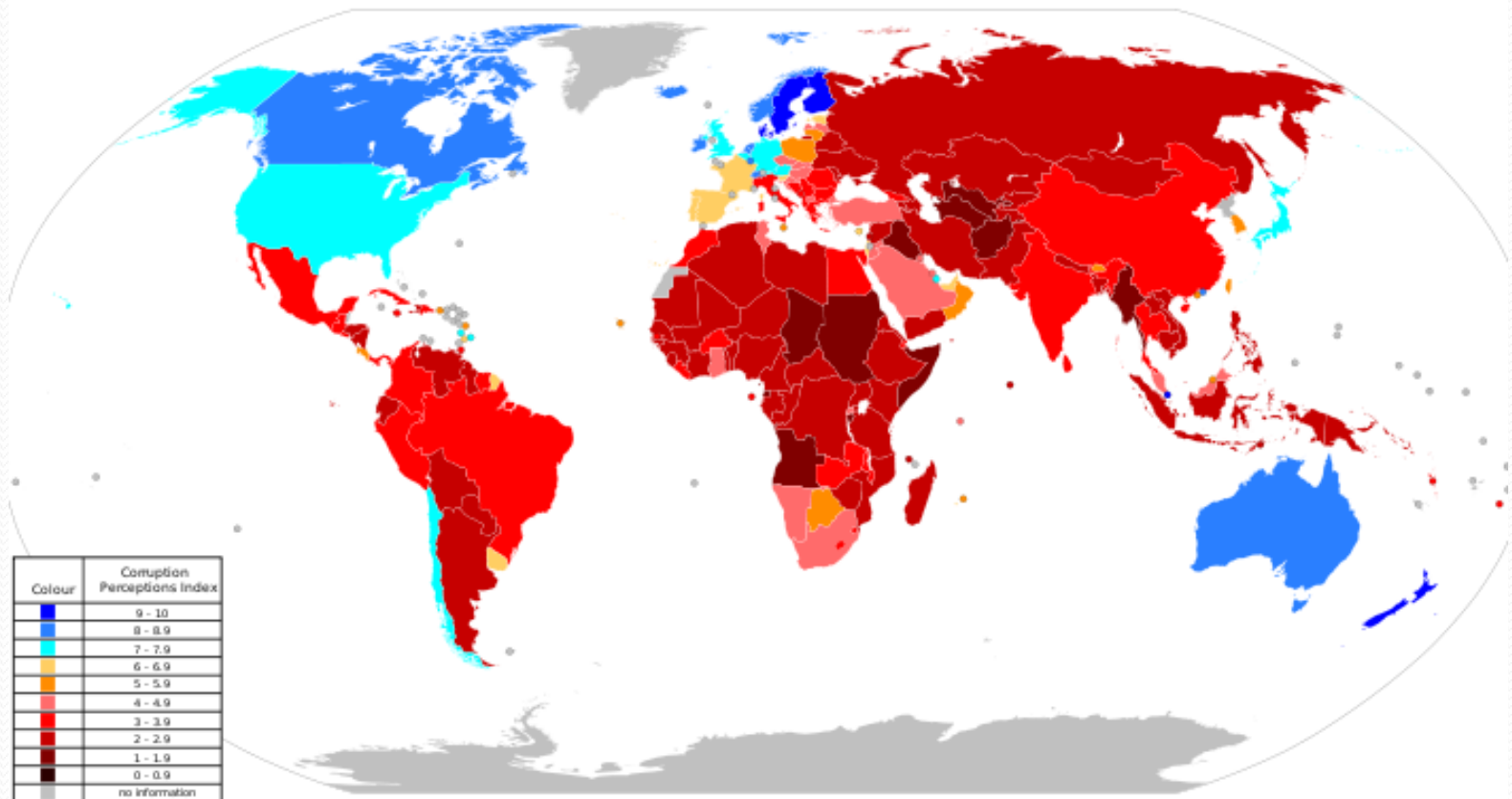
Corruption perceived as a major business obstacle by SMEs and large companies (in per cent)



- According to the Business Environment and Enterprise Performance Survey (BEEPS):
  - More than 70 per cent of SMEs in transition economies perceive corruption as an impediment to their business.
  - Almost 35 per cent of Small companies perceived corruption as a major business obstacle.

# The Legal and Business Case for Ethical Business Environments

World Map Index of perception of corruption 2010



Source: Transparency International

# The Legal and Business Case for Ethical Business Environments

SMEs are the engine of economic growth and can serve as a key driver in global economic recovery



Operate and innovate in open, ethical business environments



# The Legal and Business Case for Ethical Business Environments

Improve the ethical business environments

① Law and regulations (Mandatory)

ex. UK: Bribery Act

US: FCPA

Japan: National Public Service Ethics Act

② Business ethics code (Voluntary)

ex. Advamed Ethics Code

Eucomed Ethics Code

JFMDA Ethics Code

Much more  
Important for APEC