



SMEWG Delegates' Dialogue on
Stepping up Implementation of the
“Business Ethics for APEC SMEs”
Initiative

Medical Devices

The “Business Ethics for APEC SMEs” Initiative

Key rationale:

- SMEs 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 and transparent 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 “Business Ethics for APEC SMEs” Initiative

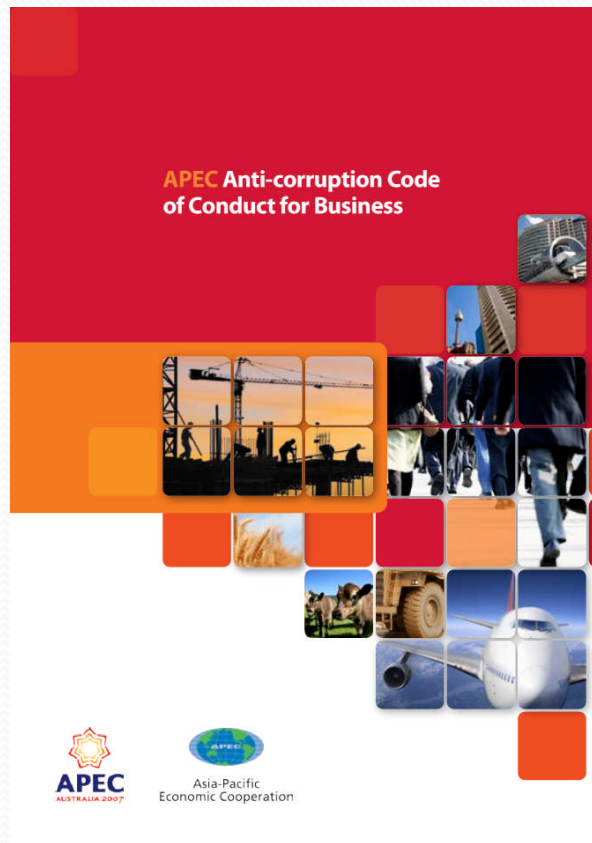
Unethical behavior hurts economies:

- 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 “Business Ethics for APEC SMEs” Initiative



- Focus on developing sectoral-based APEC principles for codes of ethics, building on the 2007 APEC Anti-Corruption Code of Conduct for Business

The Medical Device Sector: Serving as the first pilot

Ethical interactions are important for patients:

- Ethical collaborations fuel advances in medical technology, promoting access to life-saving technologies
- Ethical collaborations ensure that decisions are made in the best interest of patients



The Medical Device Sector: Serving as the first pilot

Why APEC code of ethics principles are important for individual companies (in particular SMEs):

- Provides companies with greater clarity and harmonization in rules and practices, allowing companies to access new APEC markets through lower compliance costs
- Currently only limited code adoption in the region
- Medical device sector needs are different from the pharmaceutical sector



Asia-Pacific
Economic Cooperation



The Medical Device Sector: Serving as the first pilot

Why code of ethics principles are important for APEC Member Economies:

- Supports enforcement efforts
- Provides a platform for effective industry self-regulation



Ministerial statements

October 2010: 17th APEC SME Ministerial Meeting (Gifu, Japan)

- APEC SME Ministers issued a joint statement including a call for the development of APEC codes of ethics in sectors of export interest, beginning with the medical device sector

November 2010: APEC Ministerial Meeting (Yokohama, Japan)

- APEC Ministers welcomed development of APEC codes to improve and better align industry practices across the region

Formation of an Expert Working Group

- 37 Expert Working Group members representing 18 of the 21 APEC Member Economies: 21 from Industry, 13 from Government; and 3 from Academia



Preparatory work to shape Co-Chairs' Draft

- In-depth questionnaire:
 - Codes of ethics in home economy
 - Key code principles
 - Key elements necessary for codes to be effective
 - Best practices
 - “Gold standard” codes
- Review of existing codes in the APEC region
- Development of a Co-Chairs' Draft

Expert Working Group Meeting Kuala Lumpur (April 6 – 7, 2011)

Key steps

- Breakout discussions and feedback to Co-Chairs' Draft
- Discussion & deliberation to refine the document
- Advance consensus document for endorsement by APEC



The Kuala Lumpur Principles

Medical Device Sector Codes of Ethics

Integrity means dealing honestly, truthfully, and fairly with all parties.

Independence means that HCP interactions with Companies should not skew the HCP's medical decision making from the best interests of the patient.

Appropriateness means that arrangements conform to proper commercial standards, and are accurate and free from corrupt purposes.

Transparency means that Companies and HCPs are open regarding significant financial relationships between the parties.

Advancement means that relationships are intended to advance medical technology, innovation and patient care.



Asia-Pacific
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Key learnings

Expert Working Group feedback

- ✓ Definitely made progress
- ✓ Satisfied with outcome
- ✓ Objective was made clear
- ✓ Right mix of members from industry/government/academia

Suggestions

- ✓ An additional half day (more time for breakouts and paragraph by paragraph review)