Contents

Foreword 01
SME Policy 02
Expert Perspectives 11
SME Development 18
SME Challenges 22
APEC News 24
Looking back the overall development at the end of 2013, seven highlighted points have been agreed during the entire series of meetings held for the APEC in 2013, by the 21\textsuperscript{st} APEC Economic Leaders' Meeting in Nusa Dua, Bali. Not only the leaders encouraged the joint efforts on facilitating trade and investment, but pinpointed seven issues to be tackled, including redoubling efforts to attain the Bogor Goals by 2020, increasing intra-APEC trade, expediting people-to-people connectivity, addressing challenges to population growth and the adverse impacts of climate change, ensuring synergy in APEC and other multilateral cooperation, collaborating with the business sector through ABAC, and facilitating Small, Middle, and Micro Enterprises (SMMEs), youth, and female entrepreneurs.

Looking forward, next year will be the 25\textsuperscript{th} anniversary of the establishment of APEC. With the different speeds recovered from economic recession and financial turbulence, member economies shall keep avoiding the trade protectionism so as to promote the economic growth. As the APEC host economy, China will host several APEC meetings next year and lead discussion to the current trade and economic situation in Asia-Pacific region and the role of APEC. The theme of APEC 2014 will be “Shaping the Future through Asia-Pacific Partnership”, and the three priorities are Advancing Regional Economic Integration, Promoting Innovative Development, Economic Reform and Growth, and Strengthening Comprehensive Connectivity and Infrastructure.

This issue of APEC SME Monitor not only excerpts the 21\textsuperscript{st} APEC Economic Leaders' Declaration to demonstrate the core and priority area but also introduces two major trends that closely related to the development of SMEs in APEC region. One major trend that SMEs are encouraged to notice is how the upcoming age of Big Data influences SMEs. A real case study reflects the fact that the abilities of data screening, mining, processing and analyzing determine whether a company could achieve success. The other major trend to be discussed in this issue is the super typhoon Haiyan, which severely hit the Philippines and caused thousands of death and causalities. Considering the devastating impacts frequently caused by such disasters, Experts of our Monitor has submitted some of the post-disaster reports through utilizing the Guidebook on Promoting Business Continuity Planning. Some of them also pointed out the fragility to Natural Disaster and Necessity of Business Continuity Plan of SMEs.


Johnny Yeh
Executive Director
APEC SME Crisis Management Center
Business Continuity Plan Helps SMEs Revive after Natural Disaster

APEC region is an area with multiple disasters including earthquakes, typhoons, floods and draughts. Moreover, evidence shows that climate change enhances the frequency and intensity of some disasters and poses a rising risk to the APEC economies. Business located in the region, particularly those with small scale who are vulnerable to climate risk, should keep alert to their vulnerability and prepare a plan for business continuity once contingents occur. However, most SMEs in the region have no such preparedness plan. According to APEC survey, SMEs account for 90% of business, providing 60% of employments in the APEC economies. This dominating presence of SMEs in economic activity means once the business activities of SMEs are disrupted by emergent events, the global economy will be severely affected.

Business Continuity Plan (BCP) refers to a preparedness guide for eliminating the impact of emergency on the organization before the contingent event occurs. Because of the uncertainty of climate impact, not a few SMEs stay wishful and believe that disaster is a economies' issue, not a threat to SMEs or even if it occurs, their accumulative goodwill and good relationships with their stakeholders will carry them through disastrous impact. This could be true for large corporations but for lesser-known small business, evidence shows that SMEs without BCP go out of business within two years following disasters. Moreover, BCP has become a requirement for SMEs to participate in global business supply chain. For example, Japanese automakers Toyota and Honda experienced huge losses in Thailand floods in 2012 and in the Great East Japan earthquake and earthquake-induced tsunami disaster in 2011. After experiencing a series of disasters, these two companies not simply revise their BCPs, they further place a request of BCP commitment on their subcontractors to ensure their supply chains and subcontractors to restore stable supply in two weeks for future hazards.

BCP is now at the heart of international standards due to recurrent unexpected emergencies occurred worldwide. ISO has officially launched ISO 22301 of societal security-business continuity management systems-requirements. A growing recognition of the importance of BCP is encouraging more
economies to issue their own standard of BCP. For example, in addition to the most widely used BCP standard, BS 25999 parts one and two (issued by British Standards Institute), NFPA 1600:2010 (National Fire Protection Association), several other well-known BCP standards include ASIS SPC.1-2009 (ASIS International), Australia/New Zealand Standard AS/NZS 5050, Singapore Standard SS540, CSA Z1600 (Canadian Standard), Government of Japan BCP Guideline, Japanese Corporate Code – BCP, ISO 24762 (IT Disaster Recovery), NASD 3510/3520 (National Association of Stock Dealers), NIST SP 800-34 (National Institute of Standards and Technology), and NYSE Rule 446 (New York Stock Exchange).

The content of BCP

The aforementioned international BCP standards share similarities in principal components: Business impact analysis (BIA), Contingency Recovery Plan as well as Training and Testing. BIA refers to identifying external and internal risks to crucial business functions and rating those risks depended on the probability and magnitude of hazard as well as self-vulnerability to the hazard. Because of the uncertainty of hazards, the assessments are suggested to be estimated under possible scenarios including not less than three levels of potential intensity. On the other hand, even if SMEs face the same risk, their vulnerability to the risk can be very different. While some SMEs who are located in low-lying area are vulnerable to floods, some are resilient to floods owing to their location as well as water-proofing facilities and premise.

Contingency recovery plan specifies procedures to follow when emergency occurs. Japanese SMEs who were affected by the Great East Japan earthquake and tsunami disaster in 2011 pointed out there are six crucial steps to ensure quick business recovery after disasters. First and most important is to trace the security of employee. It is proved that whether employees could cohesively work together to recover is the determinant for business continuity after disasters. The second step is to set up the goal to recover. SMEs owner-manager is supposed to demonstrate leadership in recovery process and set up a specific timespan to recover from disaster. The third, protecting core businesses can secure revenues for recovery fund. Meanwhile this could gain the understandings from supply chains, customers, financial institutions and counterparts in the industry. Fourth, it is important to back up sufficient substitutes. Utilities can be recovered in a week, but SMEs without substitutes for their assets, technology and employees take longer to recover from damages. Fifth, if the SMEs are located in low area, it is advised to diversify branches, selling points, and relocation. Sixth, obtaining advice from the government and external bodies is in particular important to SMEs who are less likely to regularly hire disaster experts.

Another essential component of BCP is Training and Testing. The BCP should be revised periodically, evolving as industry and business environment changes and technological development. If the business is connected to a global supply chain, a more sophisticated plan should be developed. Furthermore, the BCP should test if the business has a buffer capacity to restore operation rapidly after the event of a disaster. In case of an Internet disconnect or a system shut down, one option could be identifying a secondary backup system or distribution channels, as well as exploring manual processes for tasks such as booking orders and sending invoices. Meanwhile, it should be a day-to-day update and practice rather than steps implemented only if disasters and emergency occur.
None of BCP standard is mandated by regulation despite the fact that regulation is evidenced to be the most effective way to enforce SMEs to engage in BCP preparedness. This is because regulations could hamper market freedom and efficiency. For this reason, tax waiver and low-interest loan to support the investment in BCP could serve as one of the alternatives. Japan, for example, recover quickly from the 2011 earthquake thanks to the financial, employment and rehabilitation support for their SMEs. On the other hand, apart from providing such financial incentive, government is also responsible for providing disaster information and training support for SMEs. Experience in Thailand’s 2011 flood and Australia’s 2010-11 flood suggests the need to combine regulatory measures with more active private participations. In the era of globalization, the government should encourage close collaboration between the global supply chain and their small business counterparts to improve long-term resilience.
Recovering from Natural Disaster: Small and Medium Enterprises (SMEs) in Thailand after the 2011 Flooding

The unprecedented flooding in Thailand during May to Oct 2011 had a major impact on the private sector in general, and small and medium enterprises (SMEs) in particular with almost 90 percent of the total damage and losses estimated for this mega disaster. Although the economy has been hit by floods in the past, this time the damages are much more severe causing direct damage to the industrial sector than before, as many of the industrial estates in the central region were hit hard, with factories forced to halt operation for more than a month. The Office of Small and Medium Enterprises Promotion (OSMEP) have reported that a total of 575,000 small business enterprises were affected with more than 2.3 million employees losing their jobs. The loss was worth USD 2.635 billion per month.

According to the study conducted by the National Economic and Social Development Board (NESDB), Thailand, the flood damages in agricultural, manufacturing and service sectors affected in the reduction of THB 328,154 million of Thailand’s GDP (at constant price) and contributed to 3.7% decrease in economic growth. Therefore, Thailand’s overall economic growth in 2011 recorded merely 0.1%, which was lower than the initial estimated growth of 3.8%. The flooding had impact on Thailand’s overall gross domestic product (GDP) growth, which decreased to 0.1% – a considerable shrink compared to the increase of 7.8% in the previous year. The GDP value of small and medium enterprises (SMEs) in 2011 was THB 3,859,587.6 million or 36.6% of the economy’s GDP whereby the GDP value of SMEs expanded 0.6% per annum, a decrease from the 7.9% rise in the previous year. When considering the GDP value according to the size of the enterprise, it was found that small enterprises (SEs) contributed more to the GDP than medium enterprises (MEs) with the value of SEs in 2011 standing at THB 2,583,873.4 million, an expansion rate decreasing from the previous year by 1.7%, equivalent to 24.5% of the total GDP.

While it is difficult to estimate the overall recovery of the SMEs from this disaster, the overall business started recovering within the first six months with various confidences building measure by the Government. Businesses, which were affected indirectly through supply chain disruptions, resumed their productions gradually in response to continued favorable demand. It was possible through certain specific measures taken by the various departments/agencies of the Government. To boost the investors’ confidence and needs of the SMEs, the government provides incentives in the area of tax, finance, legal and labor. By 2013, the SMEs are in better position to recover and building back its operation. The various incentives are further analyzed below:
1. Tax incentives

Tax measures for private sector affected by flood operated by the Thai Customs Department, under the Ministry of Finance. Income tax for compensation was exempted among flood-affected entrepreneurs. As for income tax for indemnity that flood-affected firms received from the insurance, only the part of such damage that surpassed the capital value of remaining assets after the wear and tear as well as depreciation expense were deducted, would be compensated. Entrepreneurs, who registered for VAT and donated commodities to flood victims, also received value added tax exemption from the Department. In addition, entrepreneurs in the flood-hit areas were allowed to submit tax form and tax payments later without any fine, surcharge and penalty fees.

The Revenue Department, under the Ministry of Finance, also launched tax incentives to support SMEs who not only were affected by the severe flooding, but also suffered from an increased minimum wage to THB 300 per day. Key measures include (1) mitigation, (2) increasing competitiveness and (3) increasing productivity. First, in order to mitigate flood effects on SMEs, the Revenue Department allows flood-affected SMEs to deduct 1.5 times of expenses, which companies need to pay additionally from the THB 300 minimum wage, before they pay tax. The duration of this measure started from January 2013 and will end in December 2013. Second, in order to increase competitiveness, the Revenue Department exempts corporate income tax for SMEs on their first THB 300,000 net profits. Last but not least, in order to increase productivity, corporate income tax for machinery adjustments is exempted among flood-affected SMEs. Moreover, the Revenue Department provides 100 percent machinery depreciation for the new machine purchased during 1st January to 31st December 2013.

The Board of Investment (BOI) allows SME entrepreneurs to be exempted from corporate income tax for eight years (subject to 150 % and 100% cap on new investment and remaining unused cap for SMEs that remain at original province and for those relocating to other provinces respectively). Likewise, the BOI further exempts taxes for importation of machinery and raw materials for BOI promoted companies to reduce their tax burdens. Approximately 55 industrial projects are supported by BOI for flood recovery. The former phase covers 30 projects in Ayutthaya and Pathum Thani. The latter phase was announced by the BOI in June 2013 that THB 13,000 million would be granted under tax measures to additional 25 industrial projects in the same provinces in order to maintain entrepreneur confidence in these areas.

2. Financial incentives (Credit measures)

The Small and Medium Enterprise Development Bank of Thailand (SME Bank) is one of the core supporters of SMEs by providing clean loan and low interest rate loans. Once the unprecedented flood occurred, a THB two billion loan was authorized for flood-affected SMEs with six-year term loan and eight percent interest rate per year (the government compensates the interest rates for two percent per year). Moreover, SMEs are exempted from principal payment for the first two years. Likewise, flood-affected companies do not need to provide collateral or to submit financial inspection reports to the Bank. In addition, the SME Bank also implemented a "Factoring" clean loan to facilitate the liquidity of extensive production. Similarly, low interest rate at MLR -0.5 percent per year is provided, while MLR is normally at 7.5 percent per year. SMEs can borrow
The SME Bank further launched a Productivity Improvement Loan Project in April 2012. This loan project is divided into two phases namely (1) Machine and Automation Loan and (2) Productivity Improvement Loan. The former has seven-year term loan, while the latter has 5-year term loan. Both have maximum borrowing amount of THB five million. Interest rates are available on the second year of term loan at MLR -3 percent and at MLR in the following years.

The Government Savings Bank provides low interest loans at three percent for three consecutive years. In collaboration with other commercial banks, the Government Savings Bank also offers soft loans at the proportion of 50/50 to flood-affected SMEs. A total amount of THB 20,000 million will be deposited by the Government Savings Bank at commercial banks for three years with 0.01 percent interest rates. This measure is to increase the financial capability of commercial banks in offering credit to SMEs in flood-hit areas.

Thai Credit Guarantee Corporation (TCG) launched credit for SME entrepreneurs through Collateral Mechanism of Portfolio Guarantee Scheme. The total loan guarantee limit of this mechanism is THB 100,000 million with collateral period of seven years limiting at THB 10 million per enterprise per institution. The government allows TCG to compensate at the maximum amount of THB 23,000 million comprising of (1) compensation of collateral fee at 1.75 percent for three years which accounts for THB 5,250 million and (2) compensation of difference of actual compensation insurance with a limit of THB 17,750 million.

The Bank of Thailand provided the total limit of THB 300,000 million financial assistance to SMEs through the Export-Import bank of Thailand (EXIM Bank), the Bank for Agriculture and Agricultural Co-operatives, SME Bank, the Government Savings Bank, the Government Housing Bank and the Islamic Bank of Thailand. The credit offered to each SME was within THB 30 million. The Bank of Thailand charged the interest rate of 0.01 percent from financial institutions, and financial institutions charged SMEs less than three percent per year.

3. Legal measures

The Office of Insurance Committee (OIC) stimulated insurance companies to pay compensation to insured SMEs in flood-hit areas as soon as possible. The insurance is comprised of (1) Fire Insurance; (2) Industrial All Risks Insurance (IAR), which covers damaged assets caused by floods and (3) Business Interruption Insurance, which covers opportunity costs when firms are [temporarily] shut down due to floods.

The Catastrophe Insurance Policy was established by the government as the THB 50-billion National Catastrophe Insurance Fund. The fund had an immediate effect as a legal entity after being enacted by a royal decree in 2012. The Catastrophe Insurance Policy covers three types of natural disaster including floods, earthquake and windstorm. Insurance premium rate for SMEs is one percent per the year of coverage, and SMEs will be entitled to purchase catastrophe’s protection with a sublimit of 30 percent of the sum insured, which must not exceed THB 50 million. The coverage of the Catastrophe Insurance Policy will be active when (1) The Cabinet escalated the level of the event to "Catastrophe" or (2) The claim for the damages exceed THB five billion in total per event within 60 days or (3) At least seven-richer scale earthquake occurs or
(4) Windstorm with a minimum speed of 120 kilometers per hour occurs. The claim can be made according to the actual damaged sustained but not exceeding the limit after the insurance company conducts a survey and make the assessment. The catastrophe insurance can be purchased from any participating insurance companies.

4. Labor measures

The Department of Labor Protection and Welfare, under the Ministry of Labor, implemented the Layoff Prevention and Mitigation Project. The project aims to strengthen financial capability of SME entrepreneurs as well as preventing unemployment. As per the scheme, the government decided to pay THB 2,000 per employee per month to registered SMEs to help them continue hiring their employees despite being severely affected by floods. SME entrepreneurs also need to pay additional amount of money to their employees no less than 75 percent of their salaries. However, the government did not pay registered SMEs for more than three consecutive months and stopped funding those SMEs once they are able to conduct their business activities as usual.

The Friend to Friend Project is established to assist employees in flood-affected SMEs to work in other enterprises in a short term. Based on data on 19th November 2011, there have been 568 enterprises from 45 provinces joining the project and they require 69,236 temporary employees to work for them. Data further suggests that 10,556 employees have already worked in 68 enterprises that were registered in the project. Moreover, Department of Skill Development also arranges Labor Skill Development courses to improve skills of labor according to the demand of employers. Approximately 15,000 employees are targeted to participate in this project and will be paid THB 120 per day within ten days.

The Reduction of Social Security Contribution is specified by the Ministerial Regulation Prescribing the Rate of Contributions to the Social Security Fund B.E. 2555 (2012). The regulation, which came into force from 1st January 2012, states that the contribution rate for insured employers and employees is decreased from five percent of wage to three percent from January to June 2012 and to four percent from July to December 2012.

5. Other measures

The Government of Thailand also undertook various other soft incentives/measure to help private sectors in recovering from the floods. The Office of Small and Medium Enterprises Promotion (OSMEP) provided numerous measures to assist SMEs to operate their full functions as quickly as possible. OSMEP’s assistance includes establishing a Disaster Relief Command Call Center (1301) to respond and to find solutions for flood-affected SME entrepreneurs; and preparing an SME Flood Manual to gather all information relating to relief assistance from various government agencies and commercial banks. According to OSMEP (2012), there were more than 100 SME entrepreneurs calling to the OSMEP’s relief center. Approximately 60 percent of these entrepreneurs required financial assistance, whereas 30 percent needed liaison help from OSMEP. Some of the important initiatives are presented below:

5.1: Daruma project: This project is implemented by Department of International Trade Promotion (DITP), the Ministry of Commerce Thailand and the Japan External Trade Organization
SME Policy

(JETRO) as a result of the meeting between Mr. Yukio Edano, [former] Minister of Economy, Trade and Industry (METI) and Mr. Kittiratt Na-Ranong, Deputy Prime Minister of Thailand in January, 2012 after the flood crisis in Thailand. The word "Daruma" originally means a rocking doll and aims to encourage Thai SMEs to continue their business despite natural disasters. The objective of the project is in (1) creating value and improving productivity of Thai and Japanese products; (2) boosting exports among Thai and Japanese SMEs as equal partners through international trade shows and business matching events; and (3) expanding exports to European markets. So far, Duruma project has attracted over 100 flood-affect SMEs from 22 provinces within food industry, lifestyle industry and service industry. Based on a survey by JETRO, 39 percent of participating Thai SMEs need support in terms of design, while 35 percent and 54 percent need support in the area of production and marketing respectively.

5.2: The Otagai project is the other project that reflects close cooperation between Thailand and Japan on safeguarding SMEs from natural disasters. The project was initially proposed by the Japanese government after Mr. Veeraphol Ramangkura, chairman of the Strategic Committee for Reconstruction and Future Development (SCRF) and Mr. Kittiratt Na-Ranong, Deputy Prime Minister of Thailand visited Japan in November 2011. Later in December, Japan’ s METI with the collaboration of Japan International Cooperation Agency (JICA) organized "Seminar on Government Support Measures for SMEs – Recovery from Flood Disaster", where a comprehensive policy package including Otagai Business Continuity was recommended by the Japanese government. Until now, the project was assigned to Department of Industrial Promotion, Ministry of Industry Thailand and National Economic and Social Development Board of Thailand (NESDB).

Otagai means "each other" or "together" in Japanese. Therefore, the Otagai Business Continuity refers to "a plan to help each other while facing trouble." The objective of this project is to strategically promote cooperation between two economies under the "sister cluster" concept as a business continuity plan (BCP) to strengthen their business activities during the normal situation, to be each other’ s suppliers during unprecedented situation including floods and thus to increase customers' confidence in both Thai and Japanese companies. The target groups of Otagai Project are flood-affected industrial parks that cluster in Ayutthaya, Pathum Thani, Bangkok and Samut Prakan. Main strategies of the project include (1) Japan-Thailand Sister Cluster Network Creation, which operates in three phases, namely match-making phase, platform creation phase and financial support phase ; (2) Cluster Sustainability Standard Setting: THAICOBAN, which is similar to hotel' s star rating and will be given to potential Thai and Japanese enterprises ; and (3) Financial Support : Business Fusion Fund for Innovation, which is a form of Thailand-Japan Joint Investment supported by their local banks, and then Thai companies will support the Japanese Industrial Cluster, while Japanese enterprises will do the same to Thai Industrial Cluster.

At present, 15 Japanese industrial estates are interested in connecting with Thai companies under the concept of Otagai Business Continuity. However, the cooperation between two economies does have several limitations such as language and culture, the entrepreneur' s trust and price gap based on quality. Besides, the Japanese industrial estates are more diffused in comparison with Thai’ s; thus, will receive less impact from natural disasters in the wide area.

5.3: The Industrial Clinic Project was implemented by Ministry of Industry, Thailand to assist flood-affected SMEs, community enterprises and manufacturing sector to continue their
manufacturing system and operation at an early date. The financial amount of this project is THB 500,000 million covering 22 provinces and 5,000 flood-effected entrepreneurs.

5.4: Flood Prevention and Protection scheme was prepared by the Industrial Estate Authority of Thailand (IEAT) to guarantee investors that industrial areas will be safe from floods and that production and businesses will be able to resume as usual. For instance, there was the construction of dam at joint industrial estates in Ayutthaya namely Bangpa-in industrial estate, Hi-Tech industrial estate and Saharattana Nakorn industrial estate. Moreover, flood dikes would be further constructed in 6 industrial estates including Bangchan, Lad Krabang, Bang Poo, Bang Plee, Samutsakorn and Pichit with the financial assistance of the Government Savings Bank’s soft loan packages, and expected to be completed by June 2013.

5.5: Water Management and Flood Prevention Plan is designed by the government with approximately THB 350 billion to construct the infrastructure and 17 river basins along the Chao Phraya River Basin. The area is announced by the government as a "flood vulnerable" area, comprising of 80 percent agricultural land and 18 million people. In addition, the government is also planning to build floodways and flood diversion channels worth THB 120 billion. These floodways and flood diversion channels are expected to allow water to flow up to 1.5 billion cubic meters per second.

In addition, the government undertook various mediums to long-term plans and policies to prevent future flooding in key economic and agricultural areas. Some of them are:

1. National Catastrophe Insurance Fund (NCIF): The Royal Decree on National Catastrophe Insurance Fund has been effective on 27th Jan 2012 with total amount of THB 50,000 million. The insurance rates range from 0.5%-1.25% and re-insurance rates are down to 3% for private housing, SMEs, and industrial sector to be insured under NCIF scheme.

   The NCIF launched to public on 28th Mar 2012 and 54 insurance companies have already joined the scheme. The NCIF has been under supervision of the NCIF board, chaired by the representative from private sector.

2. Soft loan for improving flood prevention system in affected industrial estates: The government has agreed to subsidize the cost for developing flood prevention systems in seven affected industrial estates in the proportion of 2/3 upon total cost with a credit amount of THB 15,000 million. The Loan period has been extended from 7 years to 15 years with grace period of five years and the Government has agreed to subsidize the Government Saving Bank for the difference between soft loan interest rate (0.01%) against MLR (4.22%) for the next 15 years (the subsidy must not exceed THB 3,165 mil.). Under this scheme, the constructions of flood dykes in the seven affected industrial estates as well as installation of early warning system in the industrial estates is initiated.
Industry-specific Scenarios on BCP Applications: Case Study of Autoparts Enterprise in the Philippines

After more than a week, typhoon Yolanda (International codename - Haiyan) remains in the front page of the Philippine dailies and in many websites. Many eyes and ears of the local and international press remain focused on the Philippines - monitoring the developments in typhoon Yolanda's aftermath. The various articles and images not only highlight the casualties and gravity of damages to infrastructures and properties (Figure 1) but also the collective efforts in helping the victims and restoring the affected areas.

It must be recalled that even before typhoon Yolanda made landfall, stern warnings to citizens were issued by the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA), television, radio and other media personnel on the looming danger posed by the storm surges that could reach up to seven meters high. Also, evacuation measures were facilitated by various local government units (LGUs). Despite these efforts, an indefinite number of lives were lost and unprecedented damages to properties ensued. The super typhoon carried maximum sustained winds of 278 kilometers per hour (kph) with gushing winds at 333 kph. In fact, some weather forecasters believed that this was one of the strongest typhoons ever in the world.

The typhoon entered the Eastern Visayas and cut across Central Visayas and parts of Southern Luzon. Most Filipinos in the Luzon were thankful that they were spared from the wrath of the typhoon. They could not imagine the extent of the damage to lives, properties, facilities and business establishments had the super typhoon moved few more kilometers upward. Of all islands in the economy, Luzon is the hub of government transactions and concentration of residential and commercial establishments in the economy.

The appalling state in the affected areas of the typhoon makes many businessmen particularly those in the SMEs think whether or not they can survive the calamity and continue to operate when hit by a super typhoon like Haiyan. With the slow recovery rate being witnessed, they are more convinced now not to leave their fate to chances and outside help.
This case study may be relevant to the present times as it showcases some interesting results in connection to the pilot testing of the Guidebook on SME Business Continuity Planning that was earlier prepared by the APEC SME Crisis Management Center, Chinese Taipei. It should be recalled that this guidebook was designed as a disaster preparedness and risk reduction/mitigation tool. Ultimately, this is intended to build the capacity of SMEs in mitigating, preparing for, responding to and recovering from emergencies and disasters. On that note, this case study highlights the answers and reaction of an auto parts entrepreneur-respondent to the Guidebook’s proposed steps. As a caveat, it must be pointed out that the results are indicative and may not be the stand of most automotive spare parts entrepreneurs in the Philippines.

Brief Background of the Auto Parts Industry: According to the Institute of Labor Studies (2013), the Philippine domestic auto parts industry continues to show respectable growth and contribute significantly to the gross value added in manufacturing and employment generation. Composed of 256 companies producing around 330 different parts and components, the industry employs about half a million individuals (Tabladillo 2013). The auto parts industry is envisioned to become a significant player of the economy and an active producer of vehicle parts in Asia by 2020. To date, the industrial upgrading policies are strategically tailored towards competitiveness and integration with regional production networks of foreign automakers (Institute of Labor Studies 2013).

The Enterprise Profile: The JBMP Enterprise and Auto Services, which is located in Evangelista St., Makati City, Philippines, has been operational for ten years. By Philippines standards, it is considered a small enterprise having cash inflows of about USD 3,000 per month and a workforce of four employees in the main office and additional seven workers in its extension shop. It specializes in services and selling of fast-moving auto parts such as compressors, alternators, auxiliary fans, blowers, electrical wirings and related devices to vehicles aged 2 – 20 years.

The auto parts enterprise has no background in Business Continuity Management (BCM) but the owner-operator is very eager to introduce it to his business upon hearing the basic principles and advantages of BCM. Due to limited scale and nature of operation, there is no particular department identified to handle the BCM whenever it will be adopted. While the owner believes that BCM should be the responsibility of all, he should assume the initiative and leadership in its operationalization, being the lead operator. To him, BCM’s adoption will protect the employees, minimize potential damages to the building and facilities, maintain regular supply of power and water, enhance consumers’ confidence, and hence, improve the enterprise’s financial posture.

The Enterprise’s Lifeline and Feared Risks: The electrical wiring is the top priority for recovery when disaster strikes because it is the top grosser in income among the merchandises for sale. The enterprise has earned its market niche due to the availability, accessibility and reliability of the electrical wirings and accessories being sold. Any disruption to the supply of these commodities due either to natural calamities or human-induced disasters will easily lead to loss of customers and disturbing damages to the business.

The most feared elements of risks in business are the fire and floods. Although the likelihood of fire incidence is low in the area, protection against fire is a top priority owing to its high impact. Fires can instantly wipe out any business, especially when establishments, like that of the
respondents’ are contiguously positioned. Floods, on the other hand, seldom occur in the immediate surroundings of the enterprise establishment but some roads connecting it to and from the suppliers are prone to flooding.

Prioritized Activities (PAs), Maximum Tolerable Period of Disruption (MTPD) and Recovery Time Objective (RTO). The PA focuses on ensuring the regular supply of electrical wirings and related accessories. The disruption in the availability of the former can create high impacts, both internally and externally (Table 1). Usually, customers in Metro Manila switch to another provider if electrical wirings are unavailable for two weeks and when this happens it inevitably exacts toll on the enterprise' s financial performance. If not for the credibility and the "suki" (patronage) system between the customers and JBMP Enterprise, customers could look for alternative shops much earlier. On the other hand, disruptions in supply of accessories have medium impact on business. Its MTPD, or the maximum duration for disruption to become unbearable to the enterprise is also two weeks. In terms of restoration period, which some authors term as RTO, the JBMP Enterprise enjoys a threshold of one week.

Table 1. PAs, internal and external impacts, MTPD and RTO, JBMP Enterprises, July, 2013.

<table>
<thead>
<tr>
<th>Prioritized Activity (PA)</th>
<th>Internal Impact</th>
<th>External Impact</th>
<th>MTPD</th>
<th>RTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensuring Supply of:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical wirings</td>
<td>High</td>
<td>High</td>
<td>2 weeks</td>
<td>1 week</td>
</tr>
<tr>
<td>Accessories</td>
<td>Medium</td>
<td>Medium</td>
<td>2 weeks</td>
<td>1 week</td>
</tr>
</tbody>
</table>

During interruption by natural calamities or accidents like fire, the business can only begin again when the necessary materials, buildings, facilities and equipment are available. For JBMP Enterprise, aside from the supply of electrical wirings and accessories that serve as inventories, equipment like grinders, electric drills and welding machines are also of utmost importance. Hence, the enterprise must ensure their availability and excellent conditions during resumption of activities. Furthermore, generators and/or standby for water and power supplies and extra unit of cellphones for emergency calls or texts are essential. For its direct suppliers and customers, it is imperative for them to be properly advised concerning delays or resumption of operation.

The Enterprise Continuity and Recovery Strategies: The owner-operator has never seriously entertained the potential damages to his business by a natural calamity or accidental fire. It was therefore no surprising to find out that he has no formal contingency plan against them at present. In terms of fire prevention, JBMP Enterprise relies on the activities of the Fire Department of Makati, which is less than two kilometers away from its location. These include the observance of fire prevention month of Makati, safety/evacuation drills and occasional attendance in meetings called forth by the department.

When the resource damage estimate sheet was presented to the owner-operator, the major risk factors he identified were fire and floods. Damages in case of fire was estimated at 50% to 100% of the value of the properties while damages due to flood could be as high as half of the value of the existing inventory. This is worse when one considers the loss in sales which is equivalent to at least half-year revenue. Recovery period, which include the time for loan application and approval,
securing of building and related permits and actual construction of a new building, may take at least six months.

As a protection and mitigation measures for the key resources during disasters, the JBMP enterprise proposes briefing of employees every two quarters on the following: (1) personnel safety to include pointers on evacuation drills; (2) protection of the building and its premises such as monthly check-up of the location and condition of fire extinguishers, daily reminders for personnel to unplug all electrical connections especially at the end of the day, and installation of elevated shelves during rainy season to protect the inventories and equipment from being submerged.

For the incident response measures, the JBMP Enterprise believes that fire prevention and natural disaster resilience and/or recovery is a collective/community effort. Hence, it is important to support the existing Emergency Response Team in the area in its various activities. It may start from the simple deed of posting the contact numbers of important emergency service providers in strategic places of business establishments, and relentless adherence to simple parking rules and regulations so that fire trucks may pass easily during emergency. On a wider scale, incident response measures could also include putting up of emergency operation center that is capable of monitoring the condition and further needs of the affected individuals. The respondent, however, emphasized that this is already outside the control and ability of his enterprise.

For the recovery and continuity measures, the owner-operator of the JBMP Enterprise supports the concept of BCM as an effective tool the way it was explained to him. He hopes that more SME operators will likewise be given the opportunity to be enlightened on the power of BCM.
"Theme Marketing" - the Promotion Strategies from "Off-Site Customer Flow" to "On-Site Customer Guidance"

"Theme marketing" is a common marketing approach among e-commerce merchants. In the name of holidays and holidays that have been created, on-line shopping has become extremely popular and active. However, what preparations should the merchants take in advance in order to build a successful holiday promotion?

E-commerce merchants wish every day could be a holiday. Although a holiday does not directly account for the growth of sales promotion, it offers merchants a perfect timing to launch promotions and a reason for consumers to make purchase: flowers for Valentine’s Day and flight tickets for summer vacations are the best examples. When people regard flowers and vacations as the sign of "happiness", they will no longer be bothered by the rising prices.

Apart from promotional holidays such as Valentine’s Day, the Dragon Boat Festival, and the Moon Festival, e-commerce merchants bring "theme marketing" into full play, and holidays like "11th Nov. bachelor shopping holiday" created by Taobao and "18th June anniversary carnival" created by JD.com. best demonstrate its successful promotion activities.

The success of "theme marketing" goes hand in hand with its preparations in advance. With a good grasp of "off-site customer flow" and "on-site customer guidance" as well as the exploration of popular product serve as the trigger to promote e-commerce consumption. Below are some approaches frequently seen in bringing online customer flow:

1. Voluntary marketing

EDM is a direct marketing via email. Generally speaking, email users will place an order within one to two days after he/she receives an email, and then complete the payment within another one to two days. Thus, an EDM marketing usually takes three to four days. One may also be able to estimate the basic sales amount by looking at the number of orders and payment ratio over the recent two days. "Select user type" is the key at this stage. The filtered customer segment database should be as accurate as possible so as to increase the conversion rate, meanwhile reducing unnecessary disturbance for users who have no such needs.
2. Search engine

The traffic brought by search engines is just like casting a net into the sea. The "conversion rate" not necessarily brings satisfactory performance. However, if one is able to monitor the categorization of "popular keywords" and optimize the "landing page" after bringing the customer flow, the conversion rate will not be too poor at all, and one could have saved some strength, or even promote the private-label brands of the e-commerce merchants. However, the monopoly over certain keywords and the intention to make consumers bear the keywords in mind still require the professional features and the unique quality of the products.

3. Direct traffic

Direct traffic refers to the traffic users access the website by directly entering the website name. This type of users are mainly "repeat purchasers" who are familiar with the website layout, and hence brings better conversion rate. Also, this type of users usually have registered or made purchase before. If the e-commerce merchants keep a complete record on the website platform, they can further make recommendations based on the browsing habits and preferences of the regular purchasers.

4. Referral traffic

User groups attracted by professional forums, multimedia websites, and social networks usually have better product and brand awareness. E-commerce merchants may estimate the conversion rate attracted by forum posts and social networks based on the daily sales. The exposure of the posts and topic of social network must be consistent and clear. Also, one must be particularly attentive to the selection of "right product" and the pricing strategy.

After deciding the approach to bring in the off-site customer flow, one should pay attention to the design of the shopping platform. The home page should clearly indicates product search, promotion area, activity topic, and landing page, and important entry points should be in line with the off-site customer flow so as to create a user-friendly and clear guidance. In this way, users will be able to find out the products they are looking for as soon as possible and complete the transaction. Accordingly, the following preparations should be made before the warm-up of the activity:

1. Popular keyword

Analyzing the activity topics and selecting popular keywords that match with topics is important. For example, in response to the "price-cutting war" from the rival, focusing on keywords such as "genuine product, high-end, low cost, speedy delivery, and compensation" is recommended. The selection of the popular keywords do not need to come from mere imagination; instead, one may refer to on-site search list and off-site selection list, and find out the visitor numbers, times of searches as well as conversion rate of each popular keyword in the database. In so doing, one will soon set a right topic for the website and promote it via off-site channels.
2. Target user

After defining popular keywords, one may select the target user group according to the chosen topic. Take 8th March "Women’s Day" as example, e-commerce merchants can select female users who have purchased skin care products before. For specific holiday like "Mother’s Day", one may set the age range of the target segment and pricing in combination with users' keywords searching results in the database so as to find out the target user group for the event promotion.

3. Product assortment

Choosing product assortment based on the size of target user group and types of popular keywords. The most common approach is to attract customer flow with discount brand products, and then to make up for the loss by selling all sorts of non-discount products. In short, product assortment should comply with the activity topic, and make clear price segments and discounts. Product quality and discount are another guarantee to bring in the customer flow.

In addition, theme marketing should also take the market trends, the current status of the competitors and promotional channels into account. Whether users will be aesthetically tired or have any brand image confusion is also something needs to be taken care of.

Off-site popular keywords attract the traffic, while on-site popular keywords influence the conversion rate. From promotion to on-site product display, each step has to be closely connected with the theme, and in this way, the preliminary preparation that e-commerce merchants made for the holiday promotions are finally completed.
Strategic Alliance: A Way for Small and Medium Enterprises to Transform and Upgrade

Small and medium enterprises tend to go it alone. However, because of a lack of resources and competition with similar companies in the same market, their growth will inevitably slow down at some point. It is necessary for them to collaborate with similar companies within the same industry, combine each other’s strengths and expertise, adjust the structure of the division of labor, and make use of external resources. By forming various strategic alliances, businesses can transform, upgrade and increase their competitiveness, creating a win-win situation.

Strategic alliances can be formed in many different ways, such as by joint procurement, joint marketing, outsourcing, and cross investment. External resources may come from government (such as Small and Medium Enterprise Credit Guarantee Fund), national or international organizations (such as technical assistance and all kinds of grants and coaching), and financial institutions (such as venture capital and performance bond).

In the 1960s to 1980s, Chinese Taipei’s small and medium manufacturers prospered, including those of food, clothing, footwear, hardware, furniture and sports equipment. These small and medium manufacturers were mostly family-run businesses, which had many competitors in the same industry. The fierce competition resulted in profit decreasing and operational challenges. To generate more business opportunities and avoid vicious competition, different types of vertical specialization had been developed. Some companies that were more sales-oriented in the industries no longer manufactured, and instead, they set up warehouses in key markets and procured from other manufacturers, converting competitors into suppliers. Also, those with R&D capability moved upstream, transforming from a manufacturer to a critical parts supplier. The former competitors thus became customers and they took their businesses to the next level together.

Most market-oriented companies chose to invest significant resources in their key markets, such as Europe, America and Japan and established order-placing, delivery, and customer service points there. For instance, manufacturers of ceiling fans and furniture entered the U.S. market while those in the aquaculture and agriculture sectors moved to Japan. The businesses that set up operations in overseas markets, on one hand, increased the value of co-marketing efforts with local buyers and improved the service they provided locally; on the other hand, they worked more closely with their Asian suppliers (former manufacturing competitors) on planned production and quality control.
As for those that moved upstream, most resources were allocated to developing critical parts to meet the common demand of the manufacturers within the industry. They provided customized primary processed products according to users’ (manufacturers’) needs.

For instance, a family-run footwear factory of two generations used to compete with more than 50 similar plants producing similar products. The owner of the factory later gave up the shoe making business and turned to provide shoe material cutting service to former competitors. After the transformation, the shoe material factory gathered the demand of dozens of footwear manufacturers for natural and synthetic leather. Next, it purchased from gigantic leather suppliers and lowered the cost of raw materials by means of large bulk orders. Then the factory cut pieces of leather of different sizes and colors according to customers’ (footwear manufacturers’) needs.

This allowed dozens of footwear manufacturers to save considerable cost of purchasing raw materials individually and ease the financial pressure of holding inventory. On the other hand, the shoe material factory that underwent successful transformation not only avoided vicious competition within the industry, but also created a new type of strategic alliance in the shoe making industry.

Furthermore, the new leather cut pieces supplier sold certain shares of stocks to customers (footwear manufacturers) and banks’ investment departments. By putting a new shareholding structure in place and improving its credit rating, the shoe material factory had also accrued more purchasing power with gigantic leather suppliers and synthetic leather providers.
The Financial Impacts on Traditional Industries Caused by "Big Data"

By mid-October in China in 2013, more than 16 million users had opened accounts for an innovative monetary fund "Balance Treasure," which was customized for online users. Subscription of the fund had exceeded RMB 130 billion while many fund companies never reach one million users after years in business. With the cash flow product "Balance Treasure" that the company owns together with Alibaba, TianHong Asset Management Cp., Ltd. already holds the largest-scale public offering of fund with the most customers in China.

Half a year ago, TianHong Fund was just a nobody in the Chinese fund industry. The cost of fund distribution kept increasing, and it was difficult to expand its business. The company's marketing competitiveness was constantly weakened by medium and large-scale fund companies. Relying on E-commerce platform operated by Alibaba was a necessary solution to this crisis.

TianHong's "Balance Treasure" starts from RMB 1 and exclusively provides a platform for sunken cash of online shoppers', the buyers' and sellers', and consists of functions such as online shopping and payment transfer, etc.. It thus attracts much idle funds since its earnings yield is much higher than demand deposits.

Liquidity and profitability are like the two ends of the seesaw of "Balance Treasure" (money market fund). First, you must fully grasp capital flows so as to safely obtain higher profits. In money market fund, Alibaba's platform technologies contribute to the current smooth operation of this growing "giant."

Efficiency and big data analysis system of the E-commerce platform enable "Balance Treasure" fund managers to gain intraday access to real-time fund subscription and redemption every day. Business Intelligence (BI) analysts then estimate the capital one-day after, its recent subscription, redemption and the amount of customer inquiries based on big data. Therefore, "Balance Treasure" requires highly accurate predictions for positions and its deviation degree should be no more than 5%. Analysis of big data and the Internet features of the product have greatly help the managers and investors obtain high performance and profits.
"With convenient and profitable cash flow products soaring recently, people transfer their funds from demand deposits to online Balance Treasure without hesitation. This significantly impacts the RMB 15 trillion demand deposits in China!" The media report this news with eye-catching title and wide-spread coverage, shocking the banking industry.

The counterattack triggered by big data not only impacted the dominance of traditional financial industry, but also led to a new trend of flat management, dis-intermediation and transparency. Imagine a securities dealer capable of digging big data: Not merely can he establish an accurate positioning of customers and enhance service quality, he can also lower the transaction cost through the Internet platform to improve price mechanism transparency.

The sales of insurance products are no exception. Along with the product standardization, transparency of underwriting, and perfecting of the evaluation system, the large scale insurance sales teams are now replaced by online platform. Online market is flourishing and ascending, yet in July, Ka-shing Li planned to sell PARKnSHOP, which he has been cultivating on for years. Get to the bottom of it, big data has again reshuffled the traditional physical industry.

These cases taking place in the financial and retailer industries force people to seriously examine the rise and fall of traditional industries. That is to say, they will find out that the rise and fall of an industry is no longer determined by fixed elements such as land, human resource, skills, and capital, but the grasp of "data assets." The different business models derived from the assets are competing for re-allocation of resources under the development of "pan-Internet."

Enterprises endowed with high quality "data assets" are so powerful that they can continue to invade and take away the resources and territories belonging to traditional industries. The cross-industry integration has been unveiled. Through a "four-in-one" pan-Internet integration of terminals, applications, platforms, and data, traditional industries will gain unexpected growth, while venture SMEs will easily accomplish the opportunity of overtaking at this turning point.

The closer enterprises get to the terminal of an industry chain, the easier they can access to the consumers' data. In the future, the value of the enterprise is positively related to the scale and activity of "data assets" and the ability to analyze and utilize information. We can foresee the business transformation and counterattack led by "big data" will occur in various fields like finance, telecommunication, media, manufacture, healthcare, and real estate.
In the age of personal computers and the Internet, "digital divide" had been an issue in Chinese Taipei. Many organizations such as Microsoft, Yahoo and Institute for Information Industry recruited many student volunteers are devoted to eliminating this gap. As a result, children in remote areas could better access computers and learn how to use the Internet. Recently, smartphones and tablets have become ubiquitous and easier to navigate online, allowing a wider age-range of people to access the Internet. The issue of "digital divide" thus becomes less frequently mentioned. The attention has been on what value an individual’s digital skills can create and how to not waste the skills on playing online games or facebooking all the time.

However, there is an emerging problem that Big Data may bring a new divide among organizations and institutions. One apparent reason that gives rise to Big Data is the huge amount of data being generated and exchanged in all online communities every day. In addition, data collection technologies have improved, and the costs have gone down drastically. This enables a database owner to cross analyze and compare data provided by different platforms and obtain a lot of new information to help organizations make better decisions. Will the haves and have-nots create new class divide?

According to a Nikkei report this August, there has been 1,000 job vacancies released by Japanese corporations in 2013 for "data scientists", including 100 at Accenture, 80 at Hitachi, 100 at NEC, 120 at NTT Data, and 100 at SAS. What’s more, the number of the vacancies is expected to rise to 250,000 in a few years. Gartner, an American advisory company, estimated that Big Data will generate 1.9 million jobs in the U.S. by 2015. In Chinese Taipei, currently there seems to be no similar estimates made by either the public or private sector.

Important questions are: in other countries, who determines or decides what impact a new technology or idea will have on industries and society? How much resources should be invested in building infrastructure, lawmaking, and developing talents? What is the decision-making process and who makes the decision? From cloud services, crowd sourcing, 3D printing, alternative energies to the third industrial revolution, all kinds of new technologies have emerged, and visionary ideas have been created. Yet it is unnecessary to jump on the bandwagon. Each corporation has to make its own judgment call. According to a report conducted by MIT Sloan Management Review, Spring 2013 issue, 85% of Fortune 500 companies have launched Big Data initiatives. In 2011, venture capitalists invested a total of NTD 350 million in Big-Data related companies. Additionally, the percentage of corporations that believe Big Data will bring competitiveness to them increased from 37% in 2010 to 67% in 2012.
Academically, Rensselaer Polytechnic Institute (RPI) responded to the Big Data trend and established the Rensselaer Institute for Data Exploration and Applications (IDEA). All of the resources of this oldest technological research university in the U.S. have been put into the IDEA. They restructured and combined the existing multiple research platforms, covering the areas of data science, high performance computing, predictive analytics, and cognitive computing. This transformation involved five colleges as well as students and faculty from 12 departments. The total investment was as high as USD 60 million.

How much resources should be invested in Big Data is always a question to think about for engineering and technology universities. By employing old humanities and social science research methods, it is difficult to collect complete population data and see the whole picture. Therefore, sampling and case study are usually the best approaches. However, the cost of collecting population data has decreased, and now the questions are: Will different research methods be adopted? Is it necessary to change the way how data are accessed, stored, applied and become value-added? How much modification should be made in terms of methodology, the building of a database and the arrangement of user interface?

It is impossible to use the Web 1.0 research methods to find out solutions (or explanations) for increasingly complicated problems and issues in the era of Web 2.0 or 3.0. Our students need to have relevant tools and skills in order to survive in an ever-changing world. It is vital for them to adapt themselves to numerous unknown things, objects, and tools as well as learn how to recognize, collect, process, and make sense of a huge amount of data or information. Yet without being aware of the real problems, the society may become data driven more quickly.

All the information we use to understand the universe, world, and life may only reveal part of the truth, as in the story of blind men and the elephant. Can we expect more complete data to inspire another Copernicus, Newton, Einstein, or the breakthroughs and revolutions they achieved? Or maybe Big Data that has been accumulated since the 21st century will become nothing significant as in 1587, a Year of No Significance, even if you ask the right questions.
The 21st APEC Economic Leaders' Declaration

Looking back the overall development at the end of this year, seven highlighted points have been agreed during the entire series of meetings held for the APEC in 2013, by the 21st APEC Economic Leaders' Meeting in Nusa Dua, Bali. Not only the leaders encouraged the joint efforts on facilitating trade and investment, but pinpointed several issues to be tackled, including supporting the multilateral trading system and attaining the bogor goals, promoting connectivity and sustainable growth and equity. The major trends and development are prioritized as follows:

1. We, the APEC Leaders, gathered in Bali, Indonesia to demonstrate resolute leadership in the Asia-Pacific region under the theme of "Resilient Asia-Pacific, Engine of Global Growth".

2. The past 19 years of determination and persistent labor towards the attainment of free and open trade under the Bogor Goals have produced an extraordinary period of prosperity in the Asia-Pacific. The rules-based multilateral trading system and our shared belief in open regionalism have lifted hundreds of millions out of poverty across the entire region and fostered open, emerging and innovative economies that are now fueling our growth.

3. We have taken a number of important policy actions that have helped to contain key tail risks, improve financial market conditions and sustain recovery. Nevertheless, global growth is too weak, risks remain tilted to the downside, global trade is weakening and the economic outlook suggests growth is likely to be slower and less balanced than desired. We share the urgency for region-wide partnership to create better quality and more productive jobs, attract private investment, reduce poverty, and improve living standards. We recognize the need to strengthen macroeconomic policies and to work together to promote sustainable and inclusive growth in the Asia-Pacific region. We will implement prudent and responsible macroeconomic policies to ensure mutually reinforcing effect of growth and to maintain economic and financial stability in the region, and prevent negative spillover effect.

4. While trade growth and investment flows within the APEC region have outperformed the rest of the world, we should nevertheless guard against the pressure to raise new trade and investment barriers. To that end, we extended our standstill commitment until the end of 2016 and reaffirmed our pledge to roll back protectionist and trade-distorting measures. We committed to take decisive actions to reinforce confidence, foster financial stability, and strengthen our medium-term growth potential, while remaining vigilant in our joint effort to strengthen global recovery and to ensure a balanced, inclusive, sustainable, innovative, and secure growth, as espoused in the Yokohama vision.

5. As our region increasingly becomes the main engine of global growth, we are called by the duty to look ahead, to adapt to our changing needs, and to reinvigorate the path toward progress in the Asia-Pacific. We will continue our collective commitment to strengthening and deepening regional economic integration and to eliminate barriers to international trade and investment in the region. We will pursue greater connectivity to break new ground, help economies to create better quality and more productive jobs and marshal purposeful partnerships for the future.
6. We reaffirm our commitment to achieve a Free Trade Area of the Asia-Pacific (FTAAP), including by continuing APEC's work to provide leadership and intellectual input into the process of regional economic integration. APEC has an important role to play in coordinating information sharing, transparency, and capacity building, and will hold a policy dialogue on regional RTAs/FTAs. We agreed to enhance communication among regional RTAs/FTAs, as well as increase the capacity of APEC economies to engage in substantive negotiations.

7. We will turn these commitments into prosperity and opportunity, and in doing so, we committed to take the following specific actions:

**Supporting the Multilateral Trading System and Attaining the Bogor Goals**

8. Realizing that the Doha Development Agenda negotiations are at a critical juncture, with significance for the broader multilateral system, we have issued a separate statement supporting the multilateral trading system and the 9th Ministerial Conference of the World Trade Organization.

9. Recognizing that trade and investment are critical to the creation of better quality jobs and increased prosperity of our people, we reiterated our commitment to uphold APEC's role towards achieving the Bogor Goals of free and open trade and investment by 2020.

10. In addition, in order to link our economies and markets ever closer together, we:

   a. Will advance implementation of our commitment to reduce tariffs on the APEC List of Environmental Goods (EGs) to five percent or less by the end of 2015;

   b. Established the APEC Public Private Partnership on Environmental Goods and Services (PPEGS) to enhance our work to address trade and investment issues relevant to this sector;

   c. Will explore trade in products that contribute to sustainable and inclusive growth through rural development and poverty alleviation;

   d. Acknowledged the work this year on local content requirements and welcomed the APEC Best Practices to Create Jobs and Increase Competitiveness;

   e. Will continue to implement the APEC Investment Facilitation Action Plan, including by advancing Public Private Dialogue on Investment and encourage officials to work with the private sector to build and improve upon Corporate Social Responsibility practices and sustainable investment;

   f. Will advance actions to address the next generation trade and investment issues as agreed in 2011 and 2012, including by finalizing the APEC Innovation and Trade Implementation Practices, as soon as possible; and

   g. Will foster broader participation of the private sector in advancing trade in services to create better quality and more productive jobs, and increase the productivity of our industries.
Promoting Connectivity

11. Recognizing the increasing need for more efficient flow of goods, services, capital and people, we will shape the strategic landscape of our region through a long-term commitment that will accelerate our physical, institutional, and people-to-people connectivity.

12. As part of our work to achieve the Bogor Goals by 2020 and the Yokohama Vision of "Bogor and Beyond", we aspire to achieve a seamlessly and comprehensively connected and integrated Asia Pacific. We envision a blueprint that will accelerate and encourage balanced, secure and inclusive growth, as well as connect growth poles in the region, through means such as strengthening regional quality transportation networks, reducing transaction costs, and making our region more competitive and cohesive. As a way forward, we will carry on specific measures as contained in Annex A.

13. Under Physical Connectivity, we commit to cooperate in developing, maintaining and renewing our physical infrastructure through a Multi-year Plan on Infrastructure Development and Investment. The Plan will assist APEC Economies to improve the investment climate, promote public-private partnerships, and enhance government capacity and coordination in preparing, planning, prioritizing, structuring and executing infrastructure projects. As a first step under this Plan, we agreed to establish an APEC Experts Advisory Panel and a pilot Public Private Partnership (PPP) Centre in Indonesia. We encourage efforts to promote efficient allocation of global capital and to explore and improve infrastructure financing, involving government, private sector and international institutions. Specific actions to promote infrastructure development and investment are laid out in Annex B. We will also:

a. accelerate our work to achieve a 10% improvement in supply-chain performance by 2015 in terms of time, cost, and uncertainty, while taking into consideration individual economy's circumstances, including by advancing the systematic approach to improving supply chain performance;

b. instruct officials to develop a capacity-building plan to assist economies, particularly developing economies, in overcoming specific obstacles they face in enhancing supply chain performance; and

c. establish the APEC Trade and Investment Liberalization Sub-Fund on Supply Chain Connectivity and encourage contributions of necessary resources to execute this capacity-building plan.

14. Under Institutional Connectivity, we will

a. advance our 2010 APEC New Strategy for Structural Reform (ANSSR), including by promoting fiscal transparency and public accountability which will strengthen our ultimate aim of fostering transparency and competition, and creating better functioning markets;

b. take specific actions to develop, use or strengthen the implementation of the three Good Regulatory Practices we identified in 2011, and note three optional tools used by some economies to help achieve this goal including 1) single online locations for regulatory information; 2) prospective regulatory planning; 3) periodic reviews of existing regulation;
c. progress our 2012 commitment to promote cross-border education that creates opportunities for our people, on a voluntary basis consistent with individual economies’ circumstances, to access education and training services, strengthen regional ties, contribute to the creation of better quality jobs, bolster productivity growth and further promote economic growth through actionable cooperation; and

d. promote global value chain development and cooperation in APEC region on the basis of previous work on connectivity.

15. Under People-to-people Connectivity, we will

a. endorse the target of one million intra-APEC university-level students per year by 2020, as well as support further work that will enhance the mobility of students, researchers, and education providers, and the network of existing bilateral agreements;

b. progress work on the Travel Facilitation Initiative as a way to promote tourism and facilitate business, by making travel more accessible, convenient and more efficient while also safe and secure; and

c. develop programs that will encourage greater and regular involvement of youth in APEC, so as to foster a sense of community and shared responsibility to contribute to the growth of Asia-Pacific region.

Sustainable Growth with Equity

16. Taking into account the current condition of the global economy, we focused on an agenda that is geared to bridge the development gap and maintain our path of sustainable growth with equity. We commit to implement workable solutions that will increase resilience, sustain growth and decrease disparity, while improving the welfare of the people in the Asia-Pacific region.

17. We agreed to take further steps toward empowering, engaging and opening opportunities for our stakeholders to fully participate in our economic growth, by considering the following concrete actions:

a. expand women’s participation in the economy by creating an enabling environment such as through the development of gender related structural reform measures, improved ICT training support, as well as the development of entrepreneurial culture, equal access to quality education and employment opportunities and greater access to market and financial services including capital, particularly for women-owned SMEs;

b. enhance our SMEs global competitiveness by improving access to finance and markets, supporting entrepreneurship, accelerating the growth of start-ups, strengthening capacities for business continuity and empowering our SMEs to expand to international markets and to participate in global supply chains;

c. encourage regional collaboration to facilitate trade finance for SMEs, recognizing that trade
finance instruments can help facilitate trade and can support SMEs that trade internationally;

d. promote responsible innovative approaches to increase financial eligibility of the poor and SMEs and improve delivery channels to extend the benefit of financial services to those who still do not have access to the financial system, thereby enhancing financial inclusion in the region;

e. promote the crucial role of farmers and fishers, particularly small holders and women, in the achievement of food security, by strengthening their capacities, to take an important role in the supply chain, and creating a solid partnership between government and private sector;

f. advance greater collaboration among law enforcement authorities, in combating corruption, bribery, money laundering, and illicit trade, through the establishment of an APEC Network of Anti-Corruption Authorities and Law Enforcement Agencies (ACT-NET) that will strengthen informal and formal regional and cross-border cooperation; and

g. strengthen cooperation among government, scientists, and business sector to promote science, technology and innovation (STI) in the region, and value policy discussions among the Asia-Pacific’s Chief Science Advisor (CSA) and their equivalents in addressing common STI challenges.

18. We recognized that resource scarcity presents an immense challenge that limits our ability to pursue economic growth and we were mindful of the grave economic consequences of natural and human-caused disaster, particularly to the most vulnerable members of society. In response to these challenges, we will take the following steps:

a. address the nexus of water, energy and food security through the promotion of integrated policies and collaborative approaches;

b. implement the APEC Food Security Road Map Towards 2020 to enhance supply chain connectivity, achieve efficiencies, reduce post-harvest losses and waste, and improve the food system structure by 2020, to provide lasting food security to APEC economies;

c. recognize that bans and other restrictions on the export of food may cause price volatility, especially for economies that rely on imports of staple products, and we reiterate our pledge against protectionism.

d. pursue cross-sectoral work under the APEC Initiative on Mainstreaming Ocean-related Issues, including those in line with priorities outlined by our ocean-related Ministers, that will maintain the health and sustainability of our oceans and coastal resources for the benefit of food security, poverty eradication, preservation of traditional culture and knowledge, conservation of biodiversity and facilitation of trade and investment;

e. continue to build regional capacity to assist APEC economies to rationalize and phase out inefficient fossil-fuel subsidies that encourage wasteful consumption, while recognizing the importance of providing those in need with essential energy services;
f. welcome the development of a methodology for a voluntary peer review mechanism of inefficient fossil-fuel subsidies that encourage wasteful consumption, and welcome the initiation of economy-owned peer reviews by some economies;

g. invigorate work to develop clean and renewable energy through public-private partnership, as a promising approach to ensure sustainable investment and development of new technology, and to promote energy security and efficiency and lowering of greenhouse gas emissions, with the Joint Crediting Mechanism (JCM) as a notable example of cross-border mechanisms used by several economies;

h. combat wildlife trafficking by enhancing international cooperation through Wildlife Enforcement Networks (WENs) and other existing mechanisms, reducing the supply of and demand for illegally traded wildlife, increasing public awareness and education related to wildlife trafficking and its impacts, and treating wildlife trafficking crimes seriously;

i. promote sustainable healthcare systems that deliver universal health coverage and emphasize promotive and preventive measures to ensure healthy and productive societies, while bearing in mind the opportunities implied in the different pace of aging among member economies;

j. engage in capacity building efforts and effective regional and global partnerships across the public and private sectors with the aim of addressing emerging infectious diseases and strengthening public health systems;

k. promote understanding on safe and effective use of traditional medicine, according to individual economies' needs and circumstances, as it is increasingly used as a complementary and alternative medicine in certain economies, due among others to its affordability, availability, and acceptability as a part of health beliefs of our local cultures;

l. work on combating infectious diseases, including through efforts to meet the goals articulated in UNAIDS Getting to Zero 2011-2015 strategy, notably zero new HIV Infections, zero discrimination and zero HIV related deaths through targeted prevention and treatment measures, by scaling up investment and strengthening Public-Private Partnership, health care systems and community involvement; and

m. progress work to ensure ease of mobility of emergency responders and their equipment to save lives in the early aftermath of disasters, while improving cooperation in disaster risk reduction, including through the involvement of the private sector in business continuity planning.

Looking Forward

19. Recognizing the range of development levels, experiences, and systems across our economies, we reaffirm the importance of supporting our ambitious vision for a seamless and connected regional economy through our abiding commitment to delivering effective economic and technical cooperation.

20. We recognized that the economic inclusion of women is critical for business performance and
economic prosperity, and in acknowledging the cross-cutting nature of women's participation in the economy, we committed to promoting efforts to integrate gender considerations across APEC activities as a priority, including with greater private sector engagement.

21. We commend the APEC Business Advisory Council (ABAC) for enriching APEC’s work by means of partnership. We recognize the importance of private sector involvement in our work and we welcome further ABAC engagement.

22. We call for continued cooperation and synergy with other multilateral fora, and important regional and global institutional architecture. We encourage work that will foster complementarities and better understanding between APEC and other groups that will ensure a credible approach in solving complex challenges of our times.

23. We recognized that fostering and deepening economic integration, and creating seamless economy will make our region more resilient against the effects of internal and economic shocks. So as to move our economies up the value chain and to deliver sustainable growth and equitable economic development as envisioned in the 1994 Bogor Declaration, we instructed officials to continue to ensure that our regional economy is resilient, that our growth is inclusive, that our economies become ever more connected and that our people share equitable benefit from our secure and sustainable growth (RICES).

24. We have full confidence in the prospect of Asia-Pacific’s economic development and we are committed to playing a leading role in the global economic recovery. With the objective of achieving robust, sustainable, balanced and inclusive growth in the Asia-Pacific region, we look forward to working together to build an open economy that is based on innovation, interconnected growth and shared interests. We underlined the importance of future work to promote action to change the region’s growth model and to advance economic restructuring, including but not limited to, structural reform, APEC growth strategy, urbanization, innovation, and food security.

25. We appreciated the offers of Viet Nam, Papua New Guinea, Chile, Malaysia, New Zealand and Thailand to host APEC in the year 2017, 2018, 2019, 2020, 2021 and 2022 respectively.

26. Our enduring commitment will underwrite the peace, stability, and prosperity of the Asia Pacific. We therefore instruct our ministers and officials to pursue the work and to strengthen the economic foundation of our shared Asia-Pacific community and we look forward to reviewing further progress when we convene again during China's hosting of APEC in 2014.

Source: http://www.apec.org/

※This Monitor is a publication of APEC SME Crisis Management Center and is edited by Taiwan Institute of Economic Research.
Copyright © 2013 by APEC SME Crisis Management Center