



**Asia-Pacific
Economic Cooperation**

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Agenda Item: 13

APEC SME Crisis Management Centre

Purpose: Information
Submitted by: Chinese Taipei



**Task Force for Emergency Preparedness
Meeting
Hiroshima, Japan
25 February 2010**

TASK FORCE FOR EMERGENCY PREPAREDNESS (TFEP) MEETING



APEC SME Crisis Management Centre

**Small and Medium Enterprise Administration
Ministry of Economic Affairs
Chinese Taipei
25 February 2010**



Service. Minding. Esteem. Awareness

Outline

I. Introduction

II. APEC SME Crisis Management Centre

III. Activities of this year

**IV. Provision of Guidance for Sector Reconstruction in the
Aftermath of Typhoon Morakot**

**V. APEC SME Crisis Management Centre-APEC TFEP
Cooperation**

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I. Introduction

1. Characteristics of SMEs

Characteristics of SMEs

High Importance towards the Development of Society

Large in Number, High Diversity, Dynamic Structure

High Contrast of Being Transferred In/ Out

Employees Face Larger Challenges and Increasing Pressure

Vulnerable in Comparison with Large Enterprises

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I. Introduction

2. Changes in International Business Environment

- ▶ The Continuing Globalization and the Intensification of Competition
- ▶ The Pace of Regional Economic Integration Speeds Up
- ▶ The Innovative Integration of a Range of Different Technologies
- ▶ The Possibility of the Global Energy Crisis still Exist
- ▶ New Industries Developing in Response to Rising Market Demand, Such as ICT Industry, Healthcare Industry, Digital Lifestyles Industry, Green Industry, Cultural Creative Industry, etc.

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I. Introduction

3. Challenges for SMEs in the Post Global Financial Crisis Era Globalization, Technology Revolution, Tougher Competition

- Difficulty in obtaining financing
- Lack of R&D capacity
- Difficulty in upgrade and transformation
- Insufficient marketing abilities

■ New generation business startup needs motivation.

■ Local enterprises need revitalized development.

- The small scale of SMEs makes them relatively vulnerable to the change of external environment; therefore, they need assistance to upgrade the standard of management and competitiveness.
- Promote formation of a labor-division system to link with large corporations and develop towards a high value-added supply chain.

➢ Foster new SMEs to fill in the gap created by industrial migration

➢ Balance regional development, and minimize the gap in urban-rural development

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II. APEC SME Crisis Management Centre

To raise SME crisis management abilities within APEC, Chinese Taipei proposes an '**APEC SME Crisis Management Centre**' plan that is designed to assist SMEs in solving global economic challenges and offer suggestions for response measures.

1. Purpose

- To monitor and analyze the possible impacts of emerging or existing economic crises and challenges on SMEs to help them conduct early preparedness and response in a timely matter.
- To enhance SMEs' capacity of rapidly and properly responding to crises and provide them with knowledge about strategies to prepare and cope with these crises.
- To study strategies of SMEs' responding to new global challenges and risks
- To stimulate cross-border cooperation and interactions on SME crisis management between related stakeholders, experts and SMEs of the APEC region.

2. Operations

- **Date of Establishment: 24 May 2010**
- **Location: Taipei**
- **Main Tasks**

- (1) Monitoring and analyzing the possible impacts of emerging or existing economic crises and challenges on SMEs
- (2) Training APEC SMEs in managing global economic challenges and crises
- (3) Holding seminars or symposiums to discuss global economic challenges and the ways responding to it
- (4) Providing consulting service to APEC SMEs about crisis preparedness and management
- (5) Studying global economic crises and strategies of managing new global challenges and risks
- (6) Buildup of the centre website as a platform for APEC economies

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(1) Monitoring and analyzing the possible impacts of emerging or existing economic crises and challenges on SMEs

Main function

- To interpret and analyze how and when an international challenge or crisis might affect SMEs operation, and design the strategy for SMEs to cope with it.

Purpose

- To help SMEs identify crisis as early as possible, and understand the meaning of each global economic signs (mostly unusual signs) to their business.

Targets

- To be monitored include financial crises, currency crises, bank crises, energy crises, inflation, deflation, and other economic crises and turmoil.

Team

- Experts from APEC economies to monitor economic crises.

Action

- To select key components of the global economy and performance of SMEs as indicators, and then issue the results of monitoring for SMEs each month.

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(2) Training APEC SMEs in managing global economic challenges and crisis

Purpose

- To enhance the ability of SMEs on monitoring, grasping and quickly responding to global economic challenges and crises.

Places to Conduct Training

- Training is to be conducted primarily in Chinese Taipei, but under special circumstances, small training teams can be sent to member economies for small scale professional training .

Stages

- Stage 1: To train the trainers by APEC global distinguished experts .
- Stage 2: The trainers go back to their home economies to train SMEs.

The Content

- Includes new globalization trend, the interconnections of global economy, the routes and methods a crisis spreads to the globe, nature and supply-demand conditions of global oil and other raw material markets, and the operation of global financial markets.

(3) Holding seminars or symposiums to discuss global economic crises and the ways responding to it

Objective

- To explore the strategies to respond to newly emerging global economic challenges.

Attendants

- Mainly experts in this field.

Timing

- The beginning of a global economic crisis. They will primarily be used as an opportunity to explore the ways to cope with significant international economic events or crisis when they are taking place.

Benefit

- To obtain new knowledge and insight from the interactions between experts. Experts' professional interactions allow them to cook new strategies to cope with global challenges and crises.
- To develop the means to immediately detect the early warning signs of a crisis and the strategies to effectively respond to different types of crises

(4) Providing consulting service to APEC SMEs about crisis preparedness and management

Purpose

- To provide consulting service to individual SMEs about crisis preparedness and management based on their individual conditions when there is a clear sign of a crisis emerging.

The Channel

- Through the Internet, telephone, or on-site, if necessary. If it required on-site consultation, the center will first ask local experts that have received training in the center to visit the SMEs .

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(5) Studying global economic crises and strategies of managing new global challenges and risks

Purpose

- To systematically explore the origin and spread of a crisis and design responding strategies that may apply to different economies and situations.

The Role of Studies

- Crisis preparedness by which studies can provide SMEs with principles and checklist to deal with crises.
- Examine different kinds of crisis including financial, currency, banking, natural resource, and commodity crises, as well as the responding strategies.

The Enhancement of SMEs Fundamental Capabilities

- Researchers can integrate the six priority areas of "APEC SME Strategy Plan" into their studies. SMEs' capability of crisis response will be further identified and developed based on specific research within these six areas.

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(6) Buildup of the Centre Website as a platform for APEC economies

Purpose

- To build an official website as a platform to release crisis alarms, news, meeting papers, and research results.

Functions

- To provide a place for SMEs to subscribe to the Monitor and the Monitor will also be posted upon the website. In addition to information sharing, this platform can also play functions on e- learning and dialogue

Schedule

- The construction of the platform will be completed by the end of 2010

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III. Activities of this Year 2010



III. Activities of this Year 2010

The Crisis Monitor	
The Team	This Centre will recruit 6 experts from APEC region to form a team to monitor and analyze the possible impacts of emerging or existing economic crises and challenges on SMEs. The team will observe key components of the global economy and indicators about SMEs development.
Tasks	To issue electronically the "APEC SME Economic Crisis Monitor" in a form of newsletter for APEC SMEs each month. and it will also be issued any time when deemed necessary.
Content of the Monitor	Includes the signs of possible crisis, interpretation of possible developments of emerging crises and their impact on SMEs, initial suggestions to conduct early preparedness, alarms and information issued by other international organizations, and a number of important indicator data concerning global economics. Suggestions about how to deal with emerging crises.
Team Meeting	The team will be convened in Taipei around on April 14-15 for a 2-day meeting to discuss the ways of monitoring and the format of the Monitor.

The Training Workshop

Objective	To enhance the skill and knowledge of SMEs to prepare and cope with a variety of economic crises. Such as new globalization trend, the interconnections of global economy, the routes and methods a crisis spreads to the globe, nature and supply-demand conditions of global oil and other raw material markets, and the operation of global financial markets.
Schedule	To be held on May 24-28 in Taipei with 5-day meeting.
The Trainers	To Invite APEC leading scholars, experts, bankers, government officials and/or business.
Trainees	To invite APEC 11 developing economies with each economy dispatching two delegates. The trainees are expected to train the SMEs of their home economies when finishing the training.
Training Course	A set of training courses to suit the special needs of APEC developing economies will be designed.

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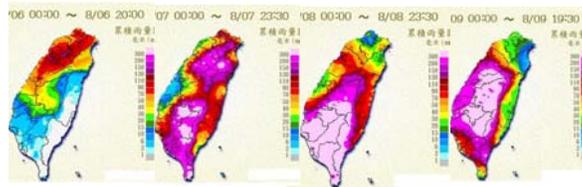
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IV. Provision of Guidance for Sector Reconstruction in the Aftermath of Typhoon Morakot



IV. Provision of Guidance for Sector Reconstruction in the Aftermath of Typhoon Morakot

1. Industrial Sector Reconstruction – Implementation Stages and Work Items

2. Status of Implementation Work by Individual Agencies

3. Ongoing Implementation



1. Industrial Sector Reconstruction – Implementation Stages and Work Items

Stage	Work Item	Work Content
1	Survey of the damage caused by the disaster	Proactive survey of the extent of damage suffered by manufacturing industries, commercial businesses, and “local cultural industries.”
2	On-site visits	1. Visits to enterprises that have been affected by Typhoon Morakot and are in need of assistance. 2. follow-up visit to target enterprises whose damage costs more than NT\$10 million. 3. Visits to any additional enterprises that are found to require assistance.
3	Recovery guidance	1. Provision of financial assistance to enterprises affected by the typhoon. 2. Provision of technical guidance to help enterprises affected by the typhoon to recommence operations.
4	Upgrading and transformation guidance	1. Provision of technology guidance for manufacturing firms that have suffered as a result of the typhoon. 2. Providing guidance to support the revitalization of damaged business districts. 3. Provision of guidance to help “local cultural industries” to recover from the disaster.

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2. Status of Implementation Work

(1) On-Site Visits

- A. The Ministry of Economic Affairs Post-Disaster Enterprise Recovery Service Team, which was established on August 9, 2009, has visited a total of 737 enterprises that were affected by Typhoon Morakot.
- B. Of the 35 enterprises whose damage costs more than NT\$10 million, the Industrial Development Bureau assigned personnel to provide recovery guidance at 28 enterprises.
- C. Regarding the types of assistance for which affected enterprises expressed the most need, tax relief for loss suffered as a result of the typhoon was the most requested category of assistance, followed, in order, by disaster recovery loans and assistance with waste disposal.
- D. The Service Team provided immediate assistance in line with the needs of individual enterprises. When necessary, cases were referred to other relevant agencies; the Service Team has continued to implement follow-up.

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(2) Provision of Financial Assistance

A. Small and Medium Enterprise Administration formulated the [Regulations Governing the Provision of Financial Assistance to Enterprises Affected by Typhoon Morakot](#), and the [Guidelines for the Provision of Loans and Interest Subsidies to Enterprises Affected by Typhoon Morakot](#).

a. Loan repayment and interest payment extensions :

- Provided that the agreement of the financial institutions concerned has been obtained, the deadline for repayment of principal and interest may be extended by up to one year in the case of working capital loans, and up to three years in the case of capital investment loans.
- Enterprises that were forced to halt operations because of the typhoon may apply to financial institutions to be granted an extension in repayment of the principal of loans due to be repaid by June 30, 2010.

b. Additional financial assistance to recommence operations:

Interest subsidies are available for enterprises affected by the typhoon that require additional loans to recommence operations. The SME Credit Guarantee Fund will provide a credit guarantee covering 90% of loan without handling charges.

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(2) Provision of Financial Assistance

B. On November 12, 2009, the government further gave its [approval for the inclusion in the list of the types of business eligible for financing assistance to small businesses](#).

C. As of November 20, 2009, credit guarantees had been approved for [53 loans](#) to help affected enterprises recommence operations. The total value of the [credit guarantee assisting to affected enterprises was NT\\$254 million](#); the [total value of the loans was NT\\$283 million](#).

D. As of November 20, 2009, the SMEA's **SME One Stop Service Centre** had handled [389 inquiries](#) from enterprises affected by the typhoon, and had provided [70 cases](#) of financial diagnostics service.

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(3) Technical Guidance to Help Affected Enterprises Recommence Operations

- A. To help affected business to recommence operations as early as possible, Chinese Taipei has made use of the Plan for the Provision of Prompt Technology Guidance to SMEs, in combination with visits by teams from technology development foundations and institutions, to speed up the process of recovery. **330 individual projects have been approved, involving total funding of NT\$63,595,000.**
- B. The Department of Commerce, MOEA has adjusted the content of its guidance plan with respect to the Sanhsing Business District in Kaohsiung County, which was particularly badly affected by Typhoon Morakot; the revised plan emphasizes the use of special promotional activities and online marketing, to minimize the impact on sales of the reduction in the number of visitors to the area.

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(4) Guidance to Rebuild “Local Cultural Industries “

In 2009, 3 large events were held to promote the products of “local cultural industries”; in affected area, along with promotional activities, etc. These events made a significant contribution towards stimulating business recovery in the affected districts.

- A. Event held in the Shinkong Mitsukoshi Department Store (A11 Building) in Taipei City’s Hsinyi District:**
 - a. The event was held in conjunction with the OTOP Design Awards, to help enhance the promotional impact and attract more visitors.
 - b. A marketing activity giving consumers the opportunity to pre-order the famous plum vinegar produced in Namasia Rural Township, Kaohsiung County (one of the areas affected by the typhoon) was held to boost sales.
 - c. There was a display of OTOP products from the disaster zone.

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(4) Guidance to Rebuild “Local Cultural Industries”

B. Event held adjacent to City Hall Square in Taipei City:

- a. OTOP Products Charity Auction to Help the Victims of the Typhoon.
- b. Held in conjunction with a special “SME Marathon” to help build atmosphere and stimulate sales.

C. Event held in the Taipei World Trade Centre Exhibition Hall:

- a. A Disaster Zone OTOP Products Display was established in the Taiwan International Tourism Souvenirs Exhibition venue, to help boost sales of “local cultural industry” products from areas affected by Typhoon Morakot.

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Short Term Promoting Information and Resource Sharing

- Building the information contact window. The APEC SME Crisis Management Centre and TFEP could build the information contact windows and take responsibility to share the relating information.
- Sharing the information regularly and irregularly. APEC SME Crisis Management Centre will share the “APEC SME Economic Crisis Monitor” newsletters to TFEP monthly and other information released by the Centre.
- Inviting each other to attend the activities held by both organizations. APEC SME Crisis Management Centre will invite the TFEP members to attend the activities held by the Centre.

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**Mid to Long Term Cooperation on Crisis Management and
Emergency Preparedness**

- Holding of seminar on coping with the economic crises generating from nature disasters
- Promoting strategic alliance between two organizations to help build the capacity of SMEs to respond to a variety of nature disasters and the economic crises generating from them.
- Establishing a Dialogue Mechanism between TFEP and the Centre

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End of Briefing

