



**Asia-Pacific
Economic Cooperation**

FINAL REPORT

Project No.: SME 05 2014A

**APEC SME Business Matching and Internship
Consortium for Global Value Chain Integration**

SMALL AND MEDIUM ENTERPRISES WORKING GROUP

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INTRODUCTION

Globalization prompts economies to operate in such a way that economies position themselves within internationally integrated networks. These are manifested in recent progressions in global investments, production, and trade which are increasingly organized within so-called global value chains (GVCs) where the various stages of production processes are located across different economies, thus enhancing cooperation and complementation among economies.

GVCs disperse the process of producing goods from raw materials to finish products across various locations, where the necessary skills and materials are available at competitive cost and quality. GVCs are typically coordinated by large global enterprises. A substantial amount of cross-border trade in intermediate and final goods and services take place within their network of affiliates. Changes in business and regulatory environment, new techniques, shifts in corporate thinking and firm strategies, and the systematic liberalization of trade and investment drive this international fragmentation of production.

Current literature and practice show that the participation of small and medium enterprises (SMEs) in global production networks through linkages with large global corporations could accelerate technology transfers and facilitate domestic and cross-border trade. Indeed, GVCs have, in recent years, become a dominant feature of world trade and investment encompassing developing, emerging and developed economies.

This report summarizes the outcomes of the project, ***APEC SME Business Matching and Internship Consortium for Global Value Chain Integration***, which looked into the GVCs in the APEC region specifically in the following industries: agriculture, food processing, handicrafts, electronics and automobile. Through the project, stakeholders were gathered together to discuss industry-specific concerns, which were captured in this report. The *Background Report on Business Matching Portals in the Asia Pacific Region* (Annex 3) shed light on the extent of electronic commerce or e-commerce in APEC. The dominant online platforms in the region were likewise identified. The opportunities made available to SMEs and changing business landscape brought by e-commerce were also discussed.

CHAPTER 1. PROJECT BACKGROUND

The APEC SME Business Matching and Internship Consortium for Global Value Chain Integration Project was conducted to jumpstart information exchange, identify the knowledge and capability gaps, as well as create business matching and internship consortium for GVC integration of SMEs. The project involved surveys/focus group discussion workshops, establishment of a consortium, and an online platform. The covered sectors are agriculture, food processing, handicrafts, electronics and automobiles.

The workshops held for this project aimed to identify the gaps faced by SMEs that hinder them from assimilating into GVCs. Participants and speakers provided insights on SME capabilities and inadequacies where capacity building will strengthen SMEs for global production network linkage. The identified gaps became the basis for developing the online platform geared towards facilitating exchanges among members to expand the scale and scope of the project.

Direct beneficiaries of the project include industry stakeholders from APEC economies – SMEs, training providers, industry associations, government agencies, etc.

The project was implemented by the University of the Philippines- Institute for Small-Scale Industries (UP-ISSI) together with the Philippines' Department of Trade and Industry – Bureau of Small and Medium Enterprise Development (DTI-BSMED) as Project Overseer.

PROJECT ACTIVITIES

Two local survey/focus group discussion workshops were held in the Philippines (7 April 2015 and 27 April 2015) through the project. These workshops gathered stakeholders in the industries, including representatives from the academe, industry and government.

The discussions in this workshop served as guide in developing the agenda for the workshop in Atlanta, Georgia, The United States, which is among the featured workshops in the Global Supply Chain Event held at the Georgia Institute of Technology on 8-9 June 2015. Called *Workshop on APEC SME Business Matching and Internship Consortium for Global Value Chain Integration*, it identified the hurdles being faced by SMEs across the region that limit their participation in GVCs.

Meanwhile, the Background Report on Business Matching Platforms in the Asia Pacific Region looked into the extent of e-commerce trade in the region. It specifically showed how SMEs are taking advantage of the opportunities that e-commerce is presenting to the micro, small, and medium enterprises and how it is shattering traditional barriers faced by SMEs.

The outputs in these activities were used in the development of APEC SME Global Value Chain Business Matching and Internship Consortium and the online platform, which is called the *APEC MSME Marketplace*. The *Marketplace* brings together enterprises and service providers (trade promotion agencies, industry associations, chambers, academic institutions, logistics service providers, etc.) forming a loose consortium of business stakeholders in APEC that provides opportunity for business matching and disseminates information about international trade standards and regulations. Assistance packages that APEC collectively or otherwise provides for MSME development and internationalization is also featured. The Marketplace thus serves to connect APEC economies to address common challenges that MSMEs face as they take part in cross-border trade.

CHAPTER 2. SUMMARY - BACKGROUND REPORT ON BUSINESS MATCHING PORTALS IN THE ASIA PACIFIC REGION

The significance of e-commerce could not be undermined. In 1998, the OECD estimated its global value to around US\$725 million for the period of 1995-1997. During that period, OECD projected the value of e-commerce trade to reach more than US\$154 billion in 2000-2002. More than just a decade hence, the approximation has ballooned to US\$15 trillion. Such is the global value of business-to-business (B2B) electronic trade in 2013 according to the *Information Economy Report 2015* (UNCTAD, 2015), and more than 75% of that amount is contributed by just four economies. Three of which are APEC member economies: The United States, Japan and China. The value of business-to-consumer transactions has likewise skyrocketed and has reached US\$1.2 trillion in value.

E-commerce growth could be attributed to advancements in information technology. World Bank data on internet users per 100 people for the years 2011-2014 showed increasing connectivity of people across the world. In the last three years, internet usage in APEC economies has grown to 39%. Japan posted the highest number of internet users per 100 population in 2014, exceeding forerunners in the previous years: Canada, Australia, New Zealand, and Korea. In 2014, 91 per 100 people in Japan have access to the internet. Availability of cheaper mobile devices and mobile subscriptions has also contributed to increases in internet penetration. These, coupled with rapid innovations in secured payment and logistics services, have been the drivers of e-commerce growth.

World Bank data on mobile cellular subscriptions (per 100 people) in APEC economies for the years 2011-2014 stepped up, too. Hong Kong, China displayed the highest subscription rate. Consumers have multiple smart phone ownership in several economies but most prominently in Malaysia, Singapore and Hong Kong, China. The regional average of mobile subscription in 2014 has reached 123 per 100 people. That is, on the average, an individual in any APEC member economy subscribes to more than one unit of mobile smart phone.

SMEs are benefitting from this greater connectivity. Studies portray that online platforms allow SMEs to reach a wider market and enhance collaboration among enterprises and governments in the APEC Region. E-commerce platforms and online marketplaces shatter traditional barriers that enterprises had to hurdle in starting a business by becoming their launching pads.

A number of online platforms have been successful in engaging merchants and buyers in their websites. Most notable are China's Alibaba (also Taobao and Tmall), the United States' Amazon.com and eBay, and Japan's Rakuten. These have transcended local boundaries and have gained popularity in other economies. Regional players like Lazada and Zalora have also been remarkable in penetrating the South East Asia market; and Mercado Libre for economies in Latin America, specifically Chile and Peru. Homegrown platforms, i.e., Indonesia's Tokopedia, Bukalapak, and Viet Nam's Nha Dat So, Vatgia, etc. have also shown strong patronage in their local markets.

Commonly purchased items online include apparel, travel and tourism products, and consumer electronics. These product categories are among the top online shopping baskets across almost all economies in the region. Grocery items, including processed foods, are popular in more developed economies like Japan, Australia and New Zealand.

Collected data have shown the strong connection between use of information and communication technology (ICT) and business growth activities. These should be conveyed to business owners especially to micro, small and medium enterprises. While a sizeable number of SMEs have flourishing

businesses through e-commerce trading, many are still unaware of the benefits that online platforms offer. Also, micro, small and medium enterprises need to be capacitated to embrace and engage in e-commerce. In this line, e-business academy offering training programs focused on e-commerce, digital marketing and cross-border trading opportunities, regulations and requirements may be advanced.

Connectivity is a critical consideration, as well. Economies should look into their internet access, speed and bandwidth, as well as the laws and regulations governing e-commerce.

Developed e-commerce economies are founded on extensive and reliable ICT Infrastructure, low cost internet access, business friendly regulations and legislations, and e-commerce intermediaries like e-commerce platforms, payment providers, digital marketing companies, and logistics service providers.

The potentials of e-commerce may be maximized if information about these are consolidated and made available to stakeholders in the region.

While there are numerous online platforms and business matching portals for APEC member economies, there is a need for a unified online platform to enhance capacity building initiatives and collaboration among member economies. In response, the project aims to develop a unified online platform as a venue to build relationships and enhance partnerships within the region through a business matching portal and a consortium that recognize the key role of industry associations and SME agencies in each member economy for its establishment.

CHAPTER 3. RESULTS OF SURVEY AND FOCUS GROUP DISCUSSION

To serve as guide in developing the agenda of the APEC Atlanta Workshop, two survey and focus group discussion workshops were held in Quezon City, Philippines on 7 April 2015 and 29 April 2015.

For the agriculture, food, electronics, and automobile sector, a survey/focus group discussion was held on 29 April 2015 with a total of fifty five (55) participants composed of SMEs, key industry players, training and academic institutions, and government agencies in the Philippines.

For the handicrafts sector, a separate survey/focus group discussion workshop was held in Quezon City, Philippines on 7 April 2015 with a total of forty seven (47) participants in attendance.

In particular, the survey and focus group discussions aimed to discuss the following concerns of SMEs: promoting entrepreneurship, establishing supply chains, support service of international banks, establishing incubator/internship, shared service facilities, improving access to market, improving access to finance, ensuring business continuity and empowering SMEs to expand, identifying and addressing NTM issues, and developing networks of universities/establishing curriculum.

This section shows the summarized results of the survey and focus group discussions per sector: agriculture, electronics, automobile, and handicrafts.

1. Agriculture

The first group focused on the topic about establishing incubator or internship and shared service facilities.

The participants agreed that complying with standards like Good Agricultural Practices (GAP) and ISO, acquiring certification, and traceability in the supply chain are the key factors for SMEs to be competitive in the GVC. In this regard, they are hoping that support would be provided by implementing programs to subsidize certifications and have these programs communicated appropriately to SMEs.

The participants also discussed the relevance of having incubator and shared service facilities. They said that having shared service facilities are essential to SMEs because they cannot afford to buy their own facilities at the start of the business due to limited capital investments. Meanwhile, incubation centers help SMEs get to know the road to global market and gain experience in planning and decision-making. However, they also mentioned issues regarding the shared service facilities which include:

- Accessibility of shared service facilities,
- Inappropriate equipment (not appropriate for the needs), and
- Lack of training on how to use and maintain equipment provided.

2. Electronics and Automobile

The group mainly talked about the issues and concerns encountered by electronics and automobile sectors in the GVC integration.

The participants for both sectors identified the following issues in the GVC integration:

- Very low production volume

- Unavailability of local parts (in the Philippines)
- No automotive / electronics industry road map yet
- No retail financing for electric vehicles
- No fiscal and non-fiscal incentives
- High taxes imposed even in other ASEAN economies
- Too many requirements for exporting (need to go through so many agencies)
- Port congestion
- High cost of labor in the Philippines compared to other economies
- Lack of manpower (technicians prefer to work abroad for higher pay)
- Very long registration process for Intellectual Property applications

3. Food Processing

The food processing group discussed industry concerns in terms of:

- a. National Quality Infrastructure
 - Traceability
 - Availability of testing lab
 - Food safety training
 - Certifications/accreditations
 - Understanding the “definitions” of standards
- b. Training and Capability Building
 - Training
 - Promoting entrepreneurship issues and difficulties
 - Ability to write feasibility study
 - International food standards
 - Sustainability on quality products and raw materials
- c. Market
 - Improve access to market
 - Services for developed products
 - International market demand
 - Limited customers
- d. RD Support
 - Funding and programs on technological innovation
 - Information on ingredients on packaging
 - Support on product development
 - Develop more industry clusters
 - Challenges on exports and imports
- e. Government Support
 - Incubator/internship on shared facilities
 - Government regulations
 - Zoning
 - Costly testing/analysis
 - Trade barriers

- f. Online Platform
 - Maintenance cost
 - Government initiative (subsidized online platform)
 - Government partnering with the private sector
 - Sustainability of the online platform
 - Verifications – entire transactions

- g. Finance
 - Finance on researchable food products and its marketability
 - The financial statements are not reflective of the “true” state of the business
 - No clear business plan (everything is in the owner’s head, not written down nor cascaded to the organization)
 - Business coaching/financial literacy programs for MSMEs/entrepreneurs; e.g. writing business plans, bookkeeping, etc.

4. Handicrafts

The survey/focus group discussion workshop held for the handicrafts sector focused on: (a) strengths and weaknesses, (b) opportunities and threats, (c) trends, dreams and aspirations, and (d) integration in GVCs.

a. Strengths and weaknesses

(1) Strengths

- Creativity and the quality of craftsmanship of the workers as the main selling points of their products
- Linkages with industry associations and government agencies

(2) Weaknesses

- Lack of ample and sufficient production space and equipment
- Insufficient financial capability to do upgrades and other financing requirements, such as participation in trade fairs and exhibits
- Limited promotional tools
- A dearth of reliable trucking and delivery services that have caused delays in logistics

b. Opportunities and threats

(1) Opportunities

- Government-assisted projects, when properly communicated, may provide opportunities for enterprises to grow
- Cheaper production inputs in ASEAN economies as a result of the ASEAN Economic Community (AEC)

(2) Threats

- Lack of information dissemination of government programs
- High financing interest rates
- Cumbersome documentary requirements of financial institutions
- Issues in logistics such as port congestion and traffic
- AEC as a potential threat as member economies can produce cheaper commodities

c. Trends, dreams and aspirations

(1) Trends

- Increasing popularity of environment-friendly or green products and products made from natural materials
- Demand for space-saving and multi-functional items, and lifestyle of living in small spaces such as condominiums
- Changing demographics of those adept in online transactions and purchases

(2) Dreams and aspirations

- Better awareness of government programs and assistance
- More contribution in exports
- Upgrade program on skills, productivity and quality awareness
- Interconnection with tourism and education sectors
- Enactment of laws to support industry growth

d. Integration in GVCs

- Skills and technical competencies as required capabilities
- Need support such as assistance in trade shows and trade mission participation in order to improve market access
- Partnerships with local government units: provision of retail spaces and promotion of the One Town One Product (OTOP) program
- Anticipation of consumers' needs to contribute to business continuity
- Tapping technology in training entrepreneurs in preparing their business continuity plans

In conclusion, the two survey/focus group discussion workshops provided a platform for government agencies and industry association to discuss the current state of the industry and the government programs and policies aimed at developing enterprises in these sectors. These activities served as a venue for stakeholders to identify the strengths weaknesses, threats, opportunities, and trends facing the industry sectors concerned.

CHAPTER 4. RESULTS OF THE ATLANTA WORKSHOP

A workshop on APEC SME Business Matching and Internship Consortium for Global Value Chain Integration was held in Atlanta, Georgia, USA from 8 – 9 June 2015. Thirty-three (33) delegates from 12 APEC Economies - Chile, Japan, Malaysia, Mexico, Papua New Guinea, Peru, The Philippines, Russia, Chinese Taipei, Thailand, The USA, Viet Nam, and representatives from the International Trade Center attended the workshop.

The workshop brought together representatives from SMEs and industry associations, multi-national corporations (MNCs), SME agencies, international organizations, trade promotion agencies, supply chain institutions/agencies, logistics, banking institutions, retailers, wholesalers, and consolidators, women organization, and grocery manufacturers, among others.

The workshop focused on seven key themes: (1) What it Takes for SMEs to Support a World-Renowned Retailer/Franchisor, (2) Growing an Excellent Global Supply Chain for Seafood, (3) Igniting Innovation through Incubation, (4) Enhancing Export Opportunities through Innovation, (5) Establishing the SME Consortium and Online Business Matching Platform, (6) Developing Successful Synergies, and (7) Ensuring Sustainable Supply Chain for the Future.

For each theme, presenters shared their experiences in hurdling compliance to standards, improving relationship with local SMEs and international suppliers, meeting consumer demands, and breaking into regional markets. A panel discussion on each theme provided a venue for delegates to exchange information, share their experiences, and raise their own issues and concerns regarding the topic at hand.

The highlights and recommendations from the workshop are summarized as follows:

Highlights

- Participants have better appreciation of the opportunities in the value chain of large corporations available to SMEs. These include suppliers of raw materials and providers of services, spare parts, finished products, traded items, and returnable packaging.
- Integration in the chain has to be value adding.
- Large corporations may extend capacity building assistance (e.g., agro-enterprise training and organizing, access to financing, linkage to institutional markets, capacity upgrading, processes and business transaction procedures, etc.) to SMEs through their Corporate Social Responsibility.
- There is a need to improve the quality of products of SMEs and facilitate deeper integration of SME products in the value chain by product enhancement / upgrading (e.g., from raw beans to roasted/grounded coffee; soluble/ready to drink coffee).
- Fortify strength by continuing to enhance the processing and serving phases.
- Clearly define market strategy, maximizing the opportunity available within the economy (e.g., increasing demand for local products offered by the growing number of tourist arrivals).
- Incorporate quality by acquiring certification (e.g., for agricultural products like coffee, 4C, UTZ, and Rainforest Alliance).
- Combine technology, quality assurance and recipe know-how to penetrate into market niches.
- Risks and/or problems faced: unpredictable price, technical measures beyond food safety, social and environmental concerns, global economic crisis, exchange rate fluctuations, and protectionist policy (AD, GSP).

- Top supply chain issues and concerns: product damage or spoilage, regulatory compliance, product security, and management of supply chain costs
- Measures to prepare SMEs to go global: profiling, development, accelerating
- Create competitive and sustainable exporters through business coaching, international market exposure, industry business networking, and market immersion.
- Secure better trading opportunities for SMEs producing do-good products (e.g., acquiring fair-trade certification, etc.).
- Diagnostic tools:
 - Identifying strengths and weaknesses for improvement: assess performance and capabilities to be able to rate and enhance SME competitiveness
 - Identifying innovative capacity and capabilities: encourage SMEs to venture into high technology and innovation-driven industries
 - Identifying export-readiness: assess export-readiness for customized development programme
- Expand export market through e-commerce
 - Knowledge sharing on business potential via e-commerce outreach programme
 - On boarding of SMEs in identified e-commerce platforms
 - Continuous exposure to latest techniques and e-commerce trends
 - Use of mobile e-commerce applications
- Knowledge of alternative model of SME global trade
 - Access to the internet
 - Global commerce and payment services
 - Efficient package delivery logistics
 - Knowledge of e-commerce models

Recommendations

Most notably, the workshop delegates were able to come up with the following policy recommendations to expand SME trade:

- Increased and harmonized *de minimis* thresholds
- Optimized and harmonized shipping and postal regimes
- Intermediary liability protection
- Promoting global electronic payment methods

The following recommendations were also provided:

- Improve the supply chain ecosystem of APEC economies to address the structural/institutional gaps (i.e., absence of organized supply chain and logistics agency) and dearth of talent.
- Foster partnerships between large global corporations and government to educate SMEs.
- Strengthen incubator and accelerator programs in academia for start-ups and SMEs.
- Harmonize minimum trade regulations in APEC (e.g., increase and harmonize *de minimis* threshold, optimize and harmonize shipping and postal regimes, intermediary liability protection, promote global electronic payment method).

CHAPTER 5. BUSINESS MATCHING/INTERNSHIP CONSORTIUM AND ONLINE PLATFORM

In order to facilitate the integration of micro, small and medium enterprises (MSMEs) in GVCs, an online portal was developed for the project. This highlights the growing importance of the internet as a marketing channel for MSMEs.

The online platform aims to develop a virtual marketplace for MSMEs in the APEC region which has the following functions: facilitating business matching, providing information about international trade standards and regulations, disseminating information on the available trade promotion assistance packages that APEC collectively or other economies provide for MSME development and internationalization, and supporting networking among them to address common practical challenges they may face as they participate in global trade.

For the purpose of this project, the Business Matching/Internship Consortium has been incorporated in the Marketplace which was launched during the 22nd APEC Small and Medium Enterprise Ministerial Meeting held at Iloilo City, Philippines on 25 September 2015.

To achieve the above mentioned goals, the presented online platform consists of three pillars:

- Pillar 1: Facilitating business matching involving MSMEs (online business matching and commerce)
- Pillar 2: Enhancing regulatory transparency through better information on non-tariff measures (NTMs)
- Pillar 3: MSME Internationalization Knowledge Management Center

Pillar 1 of the online platform focuses on **Facilitating Business Matching involving MSMEs** (online business matching and commerce). It serves as a venue for MSMEs to obtain online information about business and market opportunities by facilitating the matching of MSMEs and large enterprises (LEs) needed in setting up or sustaining the efficient fragmentation of production across international borders, and serving as a platform for online export transactions involving MSMEs. This pillar contains links to existing APEC Member Economies' online business matching portals, and regional portals as well.

The second pillar focuses on **Enhancing Regulatory Transparency through Better Information on NTMs**. Specifically, this pillar aims to respond to the need of MSMEs for information on trade-related measures and standards by economy, and link MSMEs to information on new NTMs or modifications of existing ones proposed by various economies from time to time and facilitate sending their feedback to the respective World Trade Organization (WTO) enquiry points of the economies.

Pillar 2 contains links to: (1) Trade promotion coordinating bodies, (2) trade promotion organizations (TPO) and trade support institutions (TSI), (3) supply chain training institutions and schools, and (4) supply chain industry associations/organizations.

The third pillar is the **MSME Knowledge Management Center for Internationalization** which allows the capture, development, sharing, and effective use of APEC-wide knowledge on best practices of exporting and participation in GVCs. The information on useful practices, cases of successful MSMEs export businesses, lessons extracted from challenging experiences of internationalization, and cooperation among various economies or between public and private sectors that helped hurdle barriers of MSMEs or advanced their participation in global trade and value chain participation is dynamic.

CHAPTER 6. CONCLUSIONS / LESSONS LEARNED

Major Findings: Knowledge and Capability Gaps for SMEs in Global Value Chains

Experts and SMEs identified key challenges in participating in international trade such as: 1) inefficient supply chain ecosystem (e.g., poor infrastructure, absence of logistics and supply chain agencies which handle these issues), 2) de minimis threshold, shipping and postal systems, 3) compliance with standards, 4) strengthening management capabilities of SMEs, 5) identifying business opportunities, and 6) accessing financing at various levels or stages of SME growth. Experts also highlighted the strengthening of mechanisms to support SMEs connection with large enterprises, intensifying efforts to assist SMEs meet market requirements/standards, expanding activities to support innovation and new business practices, and improving management capabilities of SMEs (including better access to business advice, e.g., mentoring program with supply chain institutes to help them in responding to supply chain issues). Participants likewise cited the need to put in place appropriate policies or instituting structural reforms in the areas of logistics/transportation and customs administration to address behind the border issues faced by SMEs.

Establishing the APEC SME Global Value Chain Business Matching and Internship Consortium or the APEC MSME Marketplace

The different perspectives shared at the Workshop and the Plenary Session of the Global Supply Chain Events helped in better understanding the challenges of SMEs in participating in GVCs and provided a wealth of information and best practices. The *Background Report on Business Matching Portals in the Asia Pacific Region* revealed the extent of engagement of SMEs in e-commerce. Many SMEs are already engaged in e-commerce. In China, for instance, it has become a potent avenue for SMEs to reach wider markets and in enhancing collaboration of SMEs with large enterprises. Platforms like *Alibaba* and *Lazada*, which are dominant players in the region, have shown how e-commerce shatters traditional barriers that start-ups had to hurdle, such as having to shell out bigger capitalization for brick-and-mortar store, logistics, marketing and other expenses. It allows extensive exposure for SMEs that enables them to connect with potential buyers that would not have been possible for them to reach. Despite these advantages, the Report showed that still, many SMEs do not have websites nor take advantage of e-commerce. They either do not have the capacity to do so or are plain unaware of it. Thus, information campaigns and training programs are crucial to enable SMEs to embrace e-commerce.

Setting Up of Facilities (e.g., Cold Chain) to Improve Quality Standards of SMEs in the Food Industry

The visit of workshop participants to a cold chain facility was an additional learning experience to all the delegates and was relevant to many economies' clustering program. The setting up of similar facilities in developing economies where more SMEs could benefit should be explored by economies especially when private investors or SMEs are not yet capable to establish such by themselves. Follow up activities with regard to measuring viability in setting up such facility should be undertaken in the future to help developing economies adopt this technology.

Promoting New Business Models (e.g., franchising, joint venture, strategic alliances) to Support SMEs or GVCs

Local survey and workshop in the Philippines provided opportunity for successful enterprises to encourage local SMEs to follow their path towards participating in GVC. It also shed light on

successful business models like franchising, joint ventures, strategic alliances and collaboration highlighting crucial success factors which include integration of technology, quality upgrading, compliance to regulations and standards, acquisition of certifications, and improving over-all product competitiveness by addressing cost, delivery and management efficiency concerns.

Improving Quality Standards of SMEs to Facilitate Entry to Markets

The discussions revealed that market entry in some industries may inherently be difficult for SMEs to penetrate due to quality-related issues and inability to comply with volume requirements. Some large companies prefer importation than accepting domestically available supply (provided by SMEs) to avoid shortage risk. Another issue identified was the failure to meet technical specifications, e.g., packaging, shelf-life, storage, shipping, and handling. Large companies complain that prices being offered by SMEs are at retail level, too. Trade agreements, in contrast, offer promise, specifically the inclusion of economies in trade preference agreements (e.g., the European Union's list of GSP+ nations) as these pose export opportunities.

Improving Access to Finance in all stages of development

Financial institutions offer a wide range of products and services to SMEs but these are not disseminated to the entrepreneurs. Also, financing should not only be made available to start-ups but should be extended to existing enterprises as they need funding for upgrading and expansion, too.

Strengthening Industry-Academe Linkages

The role of academic institutions in enterprise development was likewise emphasized. The academe needs to match with industry to commercialize new business concepts and products developed through research introduced by universities. Several university-based incubation programs which were able to develop quality products using renewable indigenous materials were showcased, stressing the indispensable part of research in product development which can be offered by the academe. Industry associations showed interest in partnering with academic institutions in financing researches to develop new products.

These discussion outcomes lay the basis for the establishment of an online platform which would match businesses with industry, promote information exchange among stakeholders, and serve as e-commerce platform. Information technology infrastructure (data communication, access to internet, power and equipment) has to be improved to support an e-commerce environment. Data security and privacy also need to be ensured.

Addressing Industry-Specific Challenges

While there are cross-cutting concerns, it is worthy to note the peculiarity of each of the five industries (agriculture, electronics, automobile, food processing and handicrafts) included in the workshops.

- Agriculture
 - Compliance to regulations and standards
 - Traceability and acquisition of certifications
 - Need for incubation and shared service facilities (e.g., cold chain facility, etc)
 - Volume requirement
 - Price competitiveness

- Electronics and Automobile
 - Very low production volume
 - Unavailability of local parts
 - No automotive / electronics industry road map yet
 - No retail financing for electric vehicles
 - No fiscal and non-fiscal incentives
 - Imposition of high taxes
 - Too many requirements for exporting
 - Logistics issues (congestion of ports)
 - High cost of labor, lack of manpower
 - Very long registration process for IP applications

- Food processing
 - Traceability, certifications, accreditations
 - Lack of testing laboratories
 - Training and capability building: feasibility study writing, knowledge on international food standards, safety requirements, packaging and labeling, information on importation and exportation, business coaching, financial literacy, e-commerce
 - Sustainability of quality products and raw materials
 - Improved access to market
 - Funding and programs on technological innovation, research and product development
 - Incubation facilities
 - Clustering of industries

- Handicrafts
 - Product upgrading
 - Participation in trade fairs and exhibits, development of promotional tools, provision of retail spaces to cater to domestic market
 - Need for greater collaboration among stakeholders
 - Involvement of the academe in product development and in setting up incubation facilities
 - Greater role of government in ensuring access to finance and in improving the business environment especially logistics
 - Clustering

A N N E X E S



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Economic Cooperation**

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for Global Value Chain Integration

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SME 05 2015A: APEC SME BUSINESS MATCHING AND INTERNSHIP CONSORTIUM FOR GLOBAL VALUE CHAIN INTEGRATION

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E-COMMERCE TRENDS

The significance of electronic commerce or e-commerce is becoming more prominent. In 1998, the OECD estimated the global value of e-commerce trade to around US\$725 million for the period 1995-1997. During that period, OECD projected the value of e-commerce trade to reach more than US\$ 154 billion in 2000-2002. More than just a decade hence, the approximation has grown to US\$15 trillion.

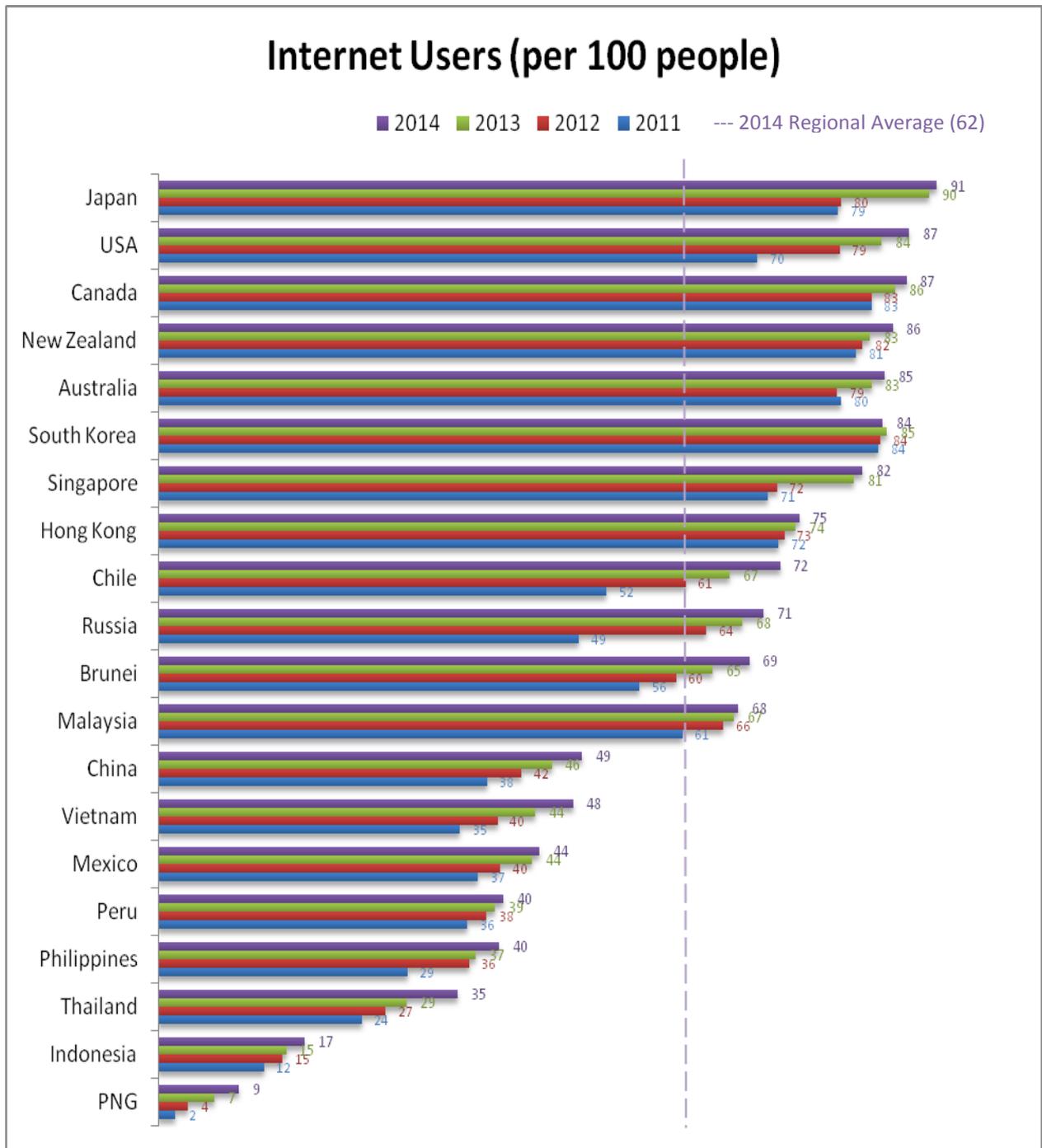
Such is the global value of business-to-business (B2B) electronic trade in 2013 according to the *Information Economy Report 2015* (UNCTAD, 2015), and more than 75% of that amount is contributed by just four economies: The United States, the United Kingdom of Great Britain and Northern Ireland, Japan, and China. The value of business-to-consumer transactions has likewise skyrocketed and has reached US\$ 1.2 trillion in value.

E-commerce growth could be attributed to advancements in information technology. World Bank data on internet users per 100 people for the years 2011-2014 showed increasing connectivity of peoples across the world.

In the last three years, internet usage in APEC economies has grown to 39%. Japan posted the highest number of internet users per 100 population in 2014, exceeding forerunners in the previous years: Canada, Australia, New Zealand, and Korea. In 2014, 91 per 100 people in Japan have access to the internet. Availability of cheaper mobile devices and mobile subscriptions has also contributed to increases in internet penetration. These, coupled with rapid innovations in secured payment and logistics services, have been the drivers of e-commerce growth.

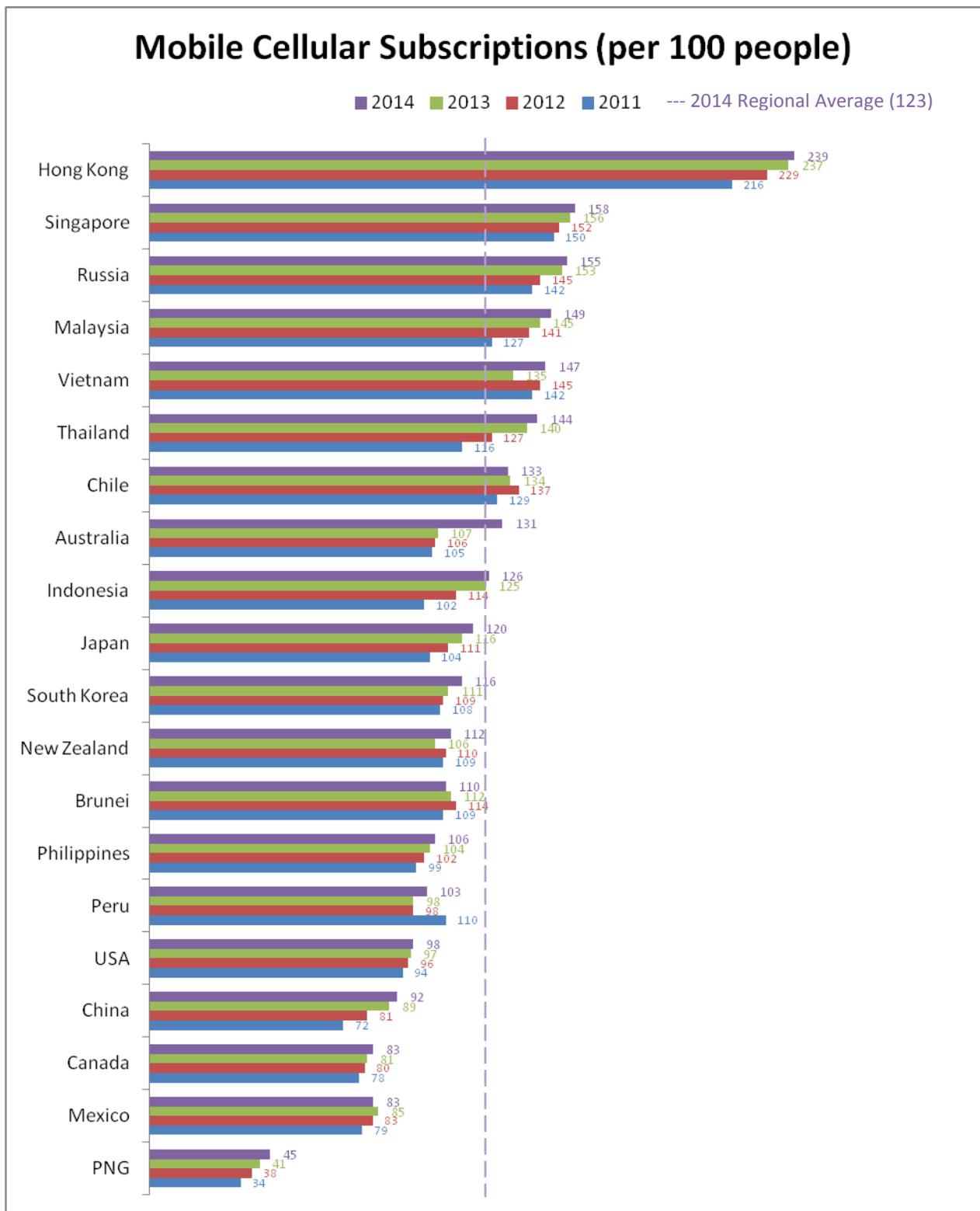
World Bank data on mobile cellular subscriptions (per 100 people) in APEC economies for the years 2011-2014 stepped up, too. Hong Kong, China displayed the highest subscription rate. Consumers have multiple smart phone ownership in several economies but most prominently in Malaysia, Singapore and Hong Kong, China. The regional average of mobile subscription in 2014 has reached 123 per 100 people.

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Source: World Bank

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Source: World Bank

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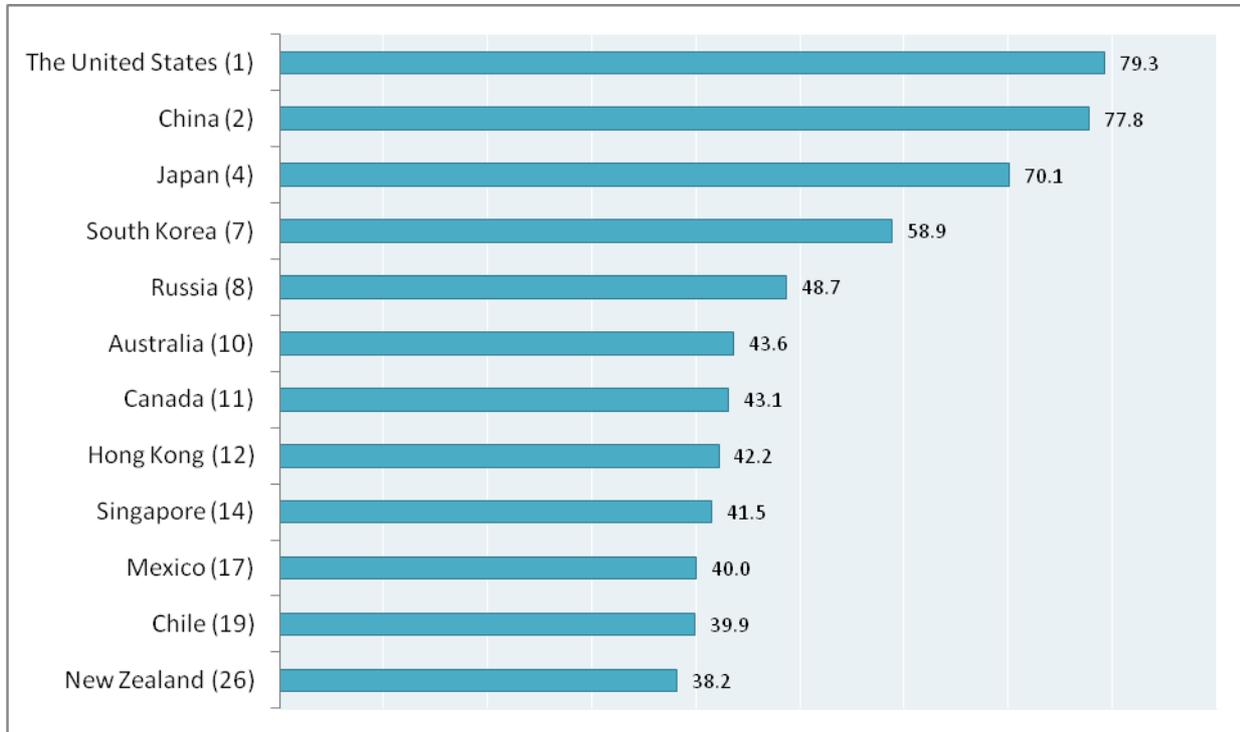
The attractiveness of APEC economies' online retail commerce was ranked by the Research Firm A. T. Kearney. The ranking considered the following metrics: (1) Online Market size, 40%; (2) Technology Adoption and consumer behavior, 20%; (3) Infrastructure, 20%; and, (4) Growth Potential, 20%, using data derived from Euromonitor, Telecommunications Union, World Bank, and World Economic Forum databases. Using these metrics, the robustness of e-commerce trade in 12 APEC economies was gauged.

Consumer goods which include the following were taken into account: apparel, beauty and personal care, consumer appliances, consumer electronics and videogames hardware, do-it-yourself gardening, food and beverages, home care products, houseware and home furnishings, media products, toys and games, healthcare, tobacco, pet food and pet care, tissue and hygiene, prescription drugs, sports equipment, fashion accessories, jewelry, antiques, collectibles, picture frames, pictures, bicycles, candles and vases. Excluded were travel and tourism, gambling, services (e.g., food delivery), event tickets, subscriptions, B2B, wholesale and industrial transactions.

Rank of APEC Economies in the Global 2015 Retail E-Commerce Index						
RANK (World)		Economy	Online market size	Consumer Behavior	Growth Potential	Infrastructure
1	(1)	The United States	100.0	83.2	22.0	91.5
2	(2)	China	100.0	59.4	86.1	43.6
3	(4)	Japan	77.6	87.8	10.1	97.7
4	(7)	Korea	44.9	98.4	11.3	95.0
5	(8)	Russia	29.6	66.4	51.8	66.2
6	(10)	Australia	11.9	80.8	28.6	84.8
7	(11)	Canada	10.6	81.4	23.6	88.9
8	(12)	Hong Kong, China	2.3	93.6	13.0	100.0
9	(14)	Singapore	1.3	89.4	15.7	100.0
10	(17)	Mexico	10.0	53.3	58.6	68.0
11	(19)	Chile	2.7	71.8	49.3	73.2
12	(26)	New Zealand	1.7	86.4	25.9	75.4

Source: A. T. Kearney

Online Market Attractiveness of Select APEC Economies



Source: A.T. Kearney

The number enclosed in parentheses in the figure above is the global rank of the APEC economies considered in the Global Retail E-Commerce Index. The United States, China and Japan lead the pack, securing the top spots. Expectedly, these economies host the leaders in online marketplaces in the world, as well.

Amazon.com (USA), Dell (USA), JD.com (China), and Jia.com (China) are among the principal e-commerce global players. Also known platforms are Alibaba Group (China), eBay (USA), OLX (Philippines) and Rakuten (Japan). Alibaba posted the biggest ever initial public offering on the New York Stock Exchange at US\$25 billion.

These online platforms facilitate cross-border trade by providing access and reach to international markets, allowing trading transactions and organizing shipping of products. Due to the enormity of transactions done online, UNCTAD underscored the potential of electronic commerce as an engine for trade and development. It identified the potential of e-commerce to enhance the participation of enterprises in global value chains, broaden companies' market access and reach and lower transaction costs.

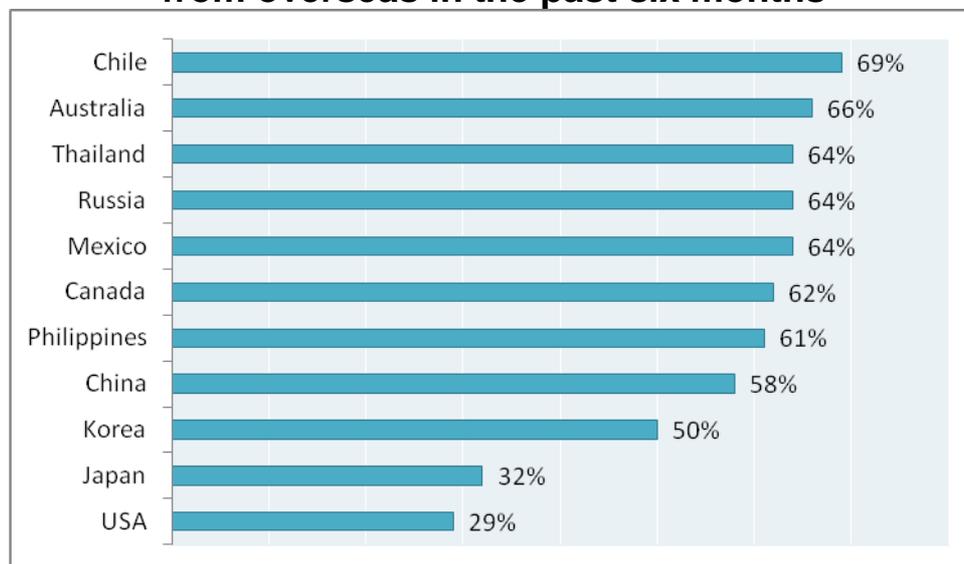
Greater connectivity provides a good opportunity for small and medium enterprises (SMEs) to expand their businesses. By securing presence online, SMEs expand their market reach, connect with international supply chains, and break into foreign markets.

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Studies portray the immense potential that online platforms offer to SMEs especially in reaching a wider market and in enhancing collaboration among enterprises and governments in the APEC Region.

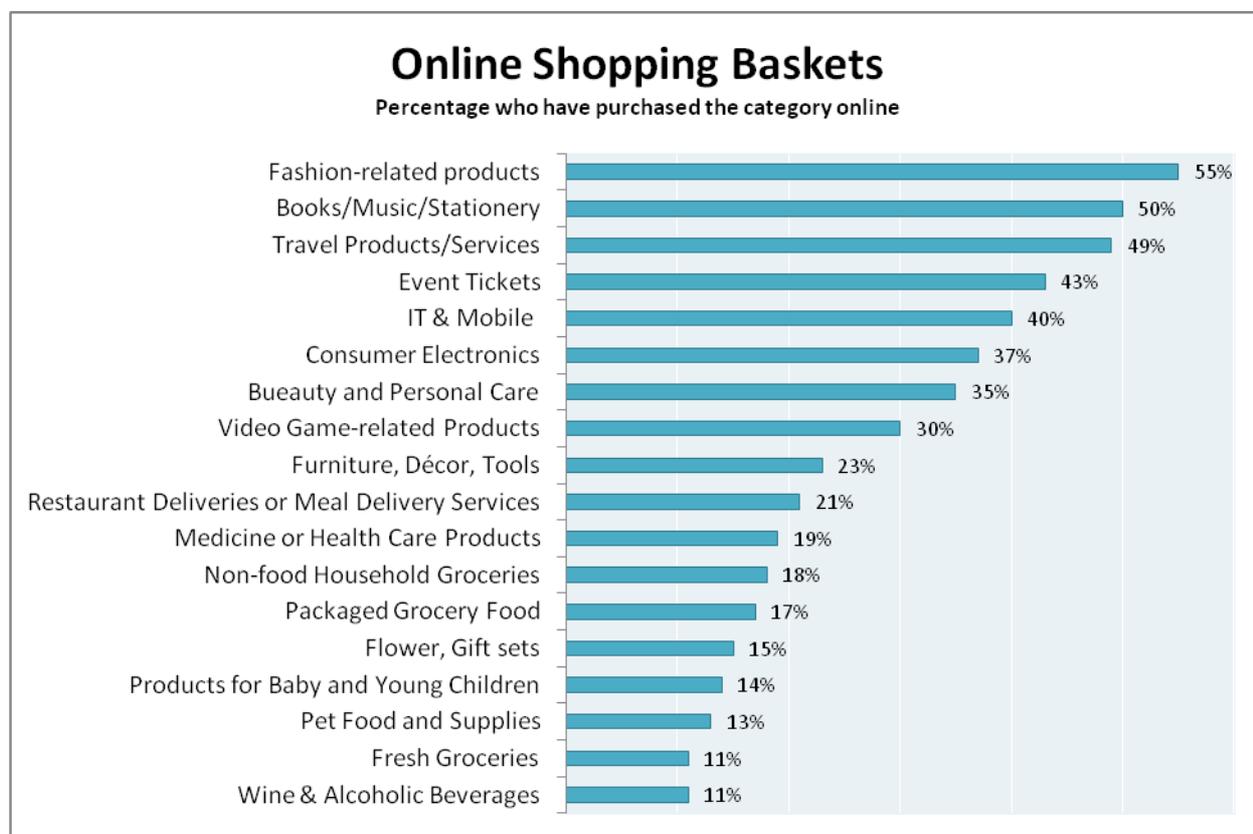
According to the Q4 2015 Nielsen Global Commerce Survey, on the average, 56% of respondent online shoppers claimed that they have purchased from overseas in the past six months, showing the increased potential for cross-border trade through e-commerce. Eight of the 11 surveyed economies in the region posted above the average cross-border online purchases.

Percentage of online shoppers who said they have purchased from overseas in the past six months



Source: Nielsen

Commonly purchased items are fashion-related products, constituting 55% of the online shopping basket. These are apparel and fashion accessories, shoes and bags. Books, music and stationery follow, constituting 50% of online purchases. Travel products and services, event tickets, IT and mobile products and consumer electronics are also among the most purchased. Meanwhile, food products, particularly fresh groceries and wine and alcoholic beverages, are not much purchased online. These products constitute only 11% of online purchases, respectively.



Source: Nielsen

E-COMMERCE IN AUSTRALIA

In Australia, eMarketer estimated e-commerce sales at \$26.77 billion in 2013. National Australian Bank reported that this represents 6.8% of total retail spending. Shopify forecasts that by 2016, Australians will spend \$4,500 online on the average. Mobile commerce accounted for 27% of all online shopping purchases in 2013. Further, according to Frost and Sullivan, the AUS\$4.9 billion spent in 2013 grew to AUS\$ 6 billion in 2014.

Top Retail Sites in Australia

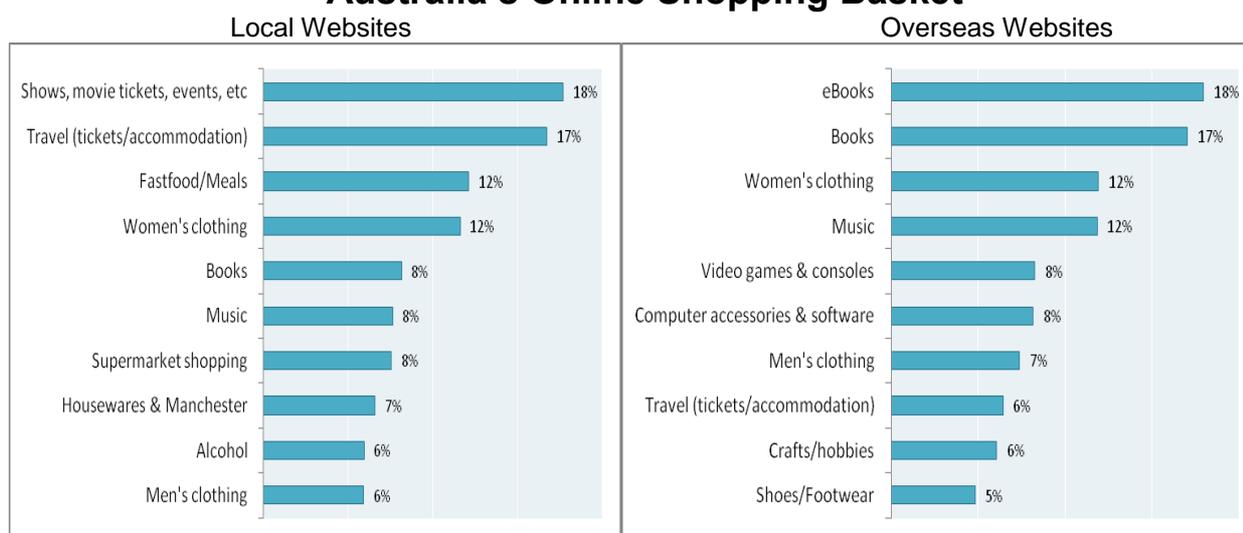
1	eBay Australia	B2C and C2C online auction and shopping website
2	Gumtree AU	Online classifieds and community website
3	eBay	B2C and C2C online auction and shopping website
4	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, food, toys, jewelry, etc.

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5	OzBargain	Offers deals, promotions and freebies submitted by the community
6	JB Hi-Fi Australia	Australia's largest home entertainment retailer
7	Bunnings Warehouse	Household hardware chain
8	Apple	Apple, Inc.'s online store featuring their hardware products (smart phone, computer, media player, watch) and music retailer iTunes
9	Aliexpress	Alibaba's B2C Marketplace for Chinese exporters
10	Target Australia	Target Department Store's online shopping site offering branded clothing, cosmetics, toys, homewares, consumer electronics, etc.

Source: Experian marketing services as exhibited in SP eCommerce

Australia's Online Shopping Basket



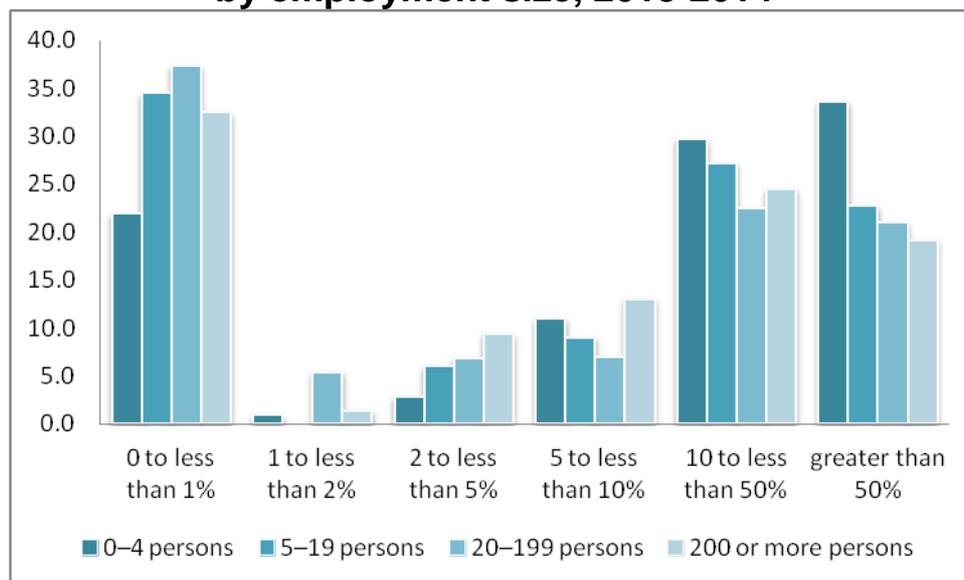
Source: Roy Morgan Research

Variations were observed in the online shopping baskets in Australia when purchases were done through local websites as compared with overseas websites. Shows, movies, and event tickets comprise 18% of online purchases in local websites in Australia, topping the online shopping basket. Travel tickets follow at 17% share of online purchases. Fast food/meals, mostly deliveries, come in third sharing the spot with women's clothing. Both comprise 12% of purchases from local e-commerce websites.

Overseas websites, meanwhile, sell mostly books, clothing, and music. Crafts/hobbies and shoes/footwear have the least share in purchases done through overseas websites. Further, it is worthy to note that according to the Australia Bureau of Statistics there was differentiation in internet incomes as percentage of goods and services income depend on the employment size of the enterprise.

Micro enterprises (0-4 employees) earned the most at more than 30%. They are followed by small enterprises ((5-19 employees) at less than a quarter. Large enterprises had the least share at less than 20%.

Internet income as Percentage of goods and services income by employment size, 2013-2014



Source: Australia Bureau of Statistics

While the number of businesses in Australia had been slightly decreasing in the years 2011-2014, the number of businesses with internet access had been increasing. The share of businesses with social media presence had been stepping up, as well, so is the percentage of orders received via the internet. Data shows that internet income has consistently increased, too.

The Australia Bureau of Statistics reveals the reasons cited by enterprises for not having a web presence. The most commonly cited reason across all enterprises was the perception that they do not have a need for web presence. Too high set-up cost and lack of technical expertise are also among the most cited reason for not having web presence.

Business Use of Information Technology, 2011-12 to 2013-14

		2011-12	2012-13	2013-14
Number of Businesses (estimate)	'000	776	770	757
W/ Internet Access	%	91.9	92.6	94.7
W/ Web Presence	%	44.6	47.2	47.1
W/ Social Media Presence	%	18.1	26.1	30.8
Placed orders online	%	55.3	53.4	56
Received orders via the Internet	%	27.8	30.2	33.2
Internet Income	\$b	237.1	246.4	266.8

Source: Australia Bureau of Statistics

Reasons for not having a web presence, by employment size, 2013-2014, %

	0-4 persons	5-19 persons	20-199 persons	200 or more persons	Total
Lack of customer demand	14.8	15.3	11.7	7.7	14.8
Set up costs too high	15.0	18.7	26.7	np	16.2
Ongoing maintenance costs too high	10.5	13.2	20.7	np	11.4
Lack of technical expertise	18.8	23.7	23.3	np	20.1
No need for web presence	60.6	51.4	53.8	66.7	58.2
Other	5.0	9.2	5.2	27.4	6.0

Source: Australia Bureau of Statistics

Notes: Np – not available for publication but included in totals.

(a) Proportions are of those businesses with internet access but no web presence in each output category.

(b) Businesses could identify more than one reason

E-COMMERCE IN CANADA

Business-to-business transactions are also dominant in other economies in the Asia Pacific Region. In Canada, the *2013 Survey of Digital Technology and Internet Use* reveal that overall, 47% of businesses are buying online compared to only 13% of businesses selling online. Online sales record a value of \$136 billion.

Data from Statistics Canada revealed that only 42% of small enterprises have a website. Almost double this figure constitutes medium enterprises that have a website (82%). On the other hand, 91% of large enterprises have websites.

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Enterprise	Businesses with a website	Buying	Selling
Small (with 0-9 full-time employees)	42%	44%	12%
Medium (with 20-99 full-time employees)	83%	69%	18%
Large (with 100 or more full-time employees)	91%	76%	28%

Source: Statistics Canada

E-COMMERCE IN CHILE

World Bank reports that in 2014, 79 out of 100 people in Chile are internet users. With a population of 17.76 million in 2014, that means about 14 million Chileans use the internet. Its online market is valued at US\$749 million in 2012.

According to A. T. Kearney's E-commerce Index, the percentage of people who shop online in Chile is among the highest in the region. Seven out of 10 people in Chile will buy something online. The average Chilean household has four credit cards and online expenditure is about US\$158 per year.

Amazon tops the list of e-commerce websites in Chile. Commonly purchased items online include electronics products, tickets to concerts and events and plane tickets.

Top E-Commerce Sites in Chile

1	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items.
2	Mercado Libre Chile	Buyer-seller matching platform
3	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China
4	Aliexpress	Alibaba's B2C Marketplace for Chinese exporters
5	LAN	Online booking and ticketing site of LAN Airlines
6	Chile Autos	Online classifieds platform specializing on automobiles
7	Paris.cl	Online retail store of what is formerly known as Almacenes Paris (Paris Department Stores)
8	Ebay	B2C and C2C online auction and shopping site
9	Booking.com	Online accommodation booking website available in more than

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10	Despegar	40 languages and offers 858,032 active properties in 223 economies and territories; started as a small start-up in Amsterdam, Netherlands in 1996 and was acquired by the United States' Priceline in 2005. Online B2C travel agency that focuses on the Portuguese and Spanish-speaking economies
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Source: Alexa

E-COMMERCE IN THE PEOPLE'S REPUBLIC OF CHINA

China has the world's largest online population. In 2014, 49% of its 1.364 billion people use the internet, according to the World Bank. This translates to 668.3 million Chinese internet users.

Its e-commerce is robust. In 2012, according to the McKinsey and Company report, its e-commerce retail sales reached US\$190-210 billion. The industry has posted compound annual growth of 120% since 2003. McKinsey furthers that Singles Day in 2012 generated US\$4 billion in online sales, surpassing The United States' Cyber Monday. McKinsey projects online sales in China to reach US\$650 billion by 2020, lifting China's private consumption by an additional 4-7%.

Top E-Commerce Sites in China

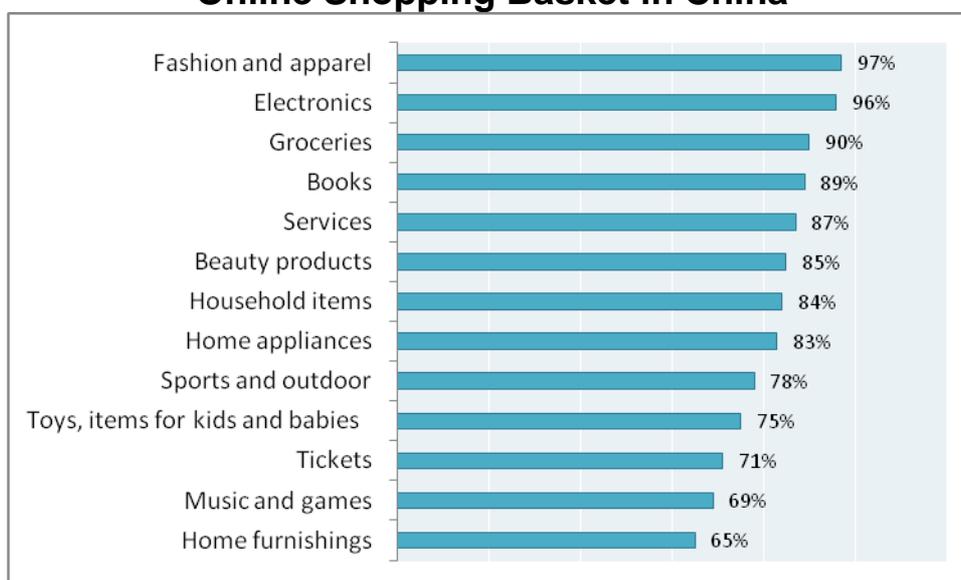
1	Taobao	Alibaba-owned online C2C marketplace
2	Taobao Mall (Tmall)	B2C online platform retailing branded merchandise
3	Jingdong Mall (JD.com)	B2C2C e-commerce website offering 25.7 million stock keeping units to 47.4 million active customers
4	Amazon China	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
5	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
6	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China
7	Watsons Tmall	B2C online platform retailing Watsons merchandise
8	Adidas Tmall	B2C online platform retailing Adidas brand merchandise
9	Chaoshi Tmall	B2C online platform retailing Chaoshi merchandise
10	1688	Alibaba-owned domestic B2B trading site

Source: Alexa

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E-commerce has become an effective launching pad for SMEs. More than 70% of e-commerce trade is C2C, which encompass sales by small enterprises and micro businesses without company registration. SMEs benefit from online marketplaces, which serve as one-stop shops allowing businesses with minimal start-up costs to reach global markets. Websites acting as a marketplace provide tools for setting up online storefronts, listing items and payment mechanisms. Taobao had been foremost in this role. Alone, it hosts 6 million merchants in China.

Online Shopping Basket in China



Source: A.T. Kearney

E-COMMERCE IN HONG KONG, CHINA

Alibaba-owned Taobao leads the e-commerce sites in Hong Kong, China. Top trading sites are in the vernacular and are mostly China-based or are homegrown. QQ, in particular, is a Chinese internet service portal that brands itself as a “one-stop online lifestyle services.” It offers value-added internet services including chat, entertainment portal, social network, multi-player games, online advertising, etc. Tencent earned the title of Asia’s largest internet company in September 2015 when Alibaba shares dropped in the New York Stock Exchange. Cathay Pacific, meanwhile is the online booking site of Hong Kong, China’s national airline. Other top sites include global e-commerce players like Amazon and eBay.

Top E-Commerce Sites in Hong Kong, China

1	Taobao	Alibaba-owned online C2C marketplace
2	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general

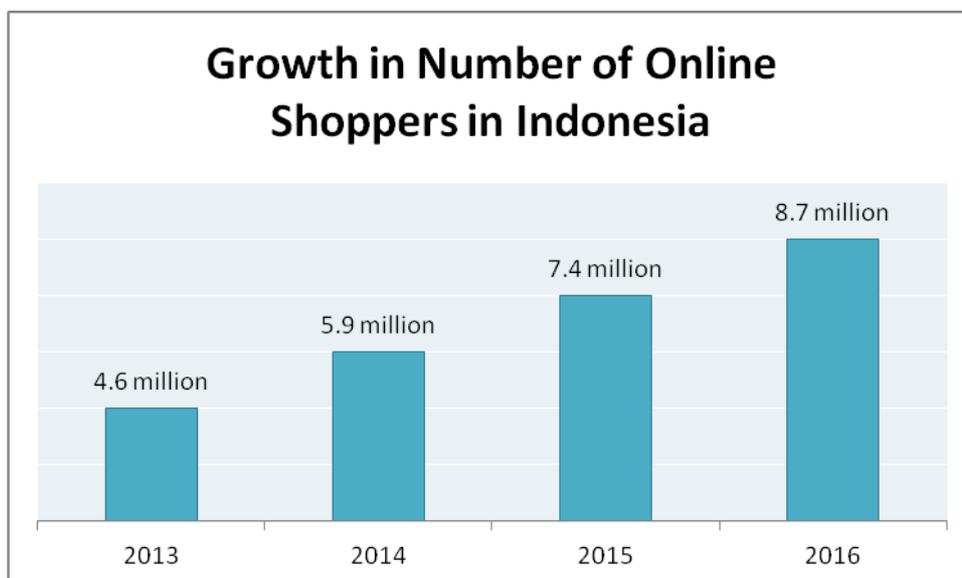
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		merchandise items
3	QQ	Tencent’s e-commerce site offering digital goods, online games and other mobile services
4	HKGOLDEN	Computer information portal and shopping center of computer products
5	Price	Price comparison platform
6	Tmall	Alibaba-owned B2C online platform retailing branded merchandise
7	Ebay	B2C and C2C online auction and shopping site
8	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China.
9	Cathay Pacific	Online booking and ticketing site of Cathay Pacific Airlines
10	Amazon UK	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items

Source: Alexa

E-COMMERCE IN INDONESIA

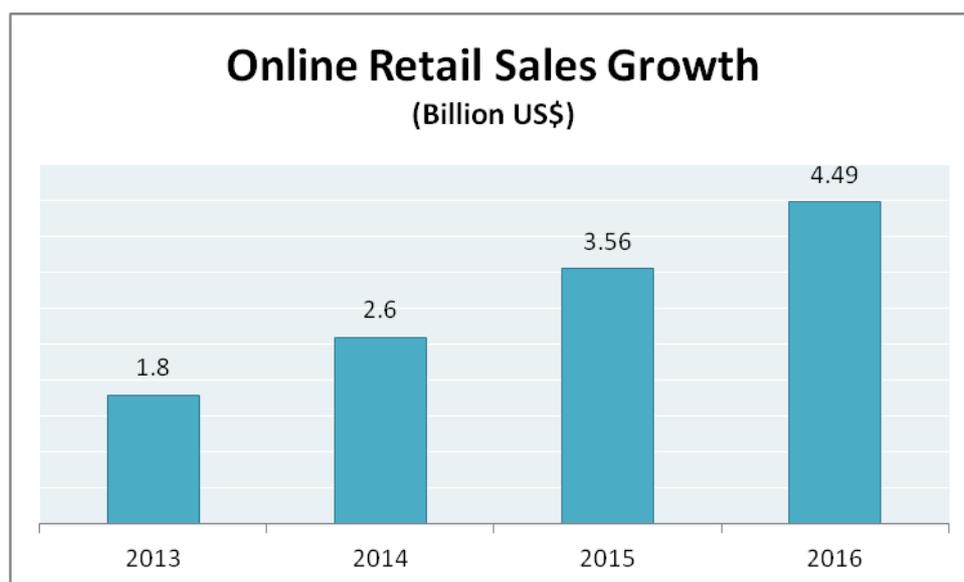
The fourth most populous economy in the world, Indonesia was projected to become the third largest consumer base in the world by 2030, following China and India. This redounds to a robust e-commerce sector.



Source: eMarketer, as cited in SP eCommerce

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In 2013, Indonesia has 29.8% internet penetration rate, translating to 74.6 million Indonesians online and is expected to reach 102.8 million in 2016. In the same year, 4.6 million Indonesians were shopping online. The number has steadily increased in the succeeding years and is expected to grow to 8.7 million in 2016.



Source: SP eCommerce

Retail sales growth has also shown continual growth. In 2013, online retail sales posted US\$1.8 billion in sales. This is expected to reach US\$4.49 billion in 2016, recording an average of 36% growth, year-on-year.

Top E-Commerce Sites in Indonesia

1	Kaskus	An online forum platform that has evolved to become the biggest C2C e-commerce website in Indonesia offering entertainment, technology, fashion, hobbies, and automotive products
2	Bukalapak	B2C e-commerce site selling electronics, hand phones, personal care products, etc.
3	Tokopedia	Homegrown B2C online retail platform that has attracted global venture capitals
4	Lazada Indonesia	Rocket Internet's online retailer and marketplace for home appliances, electronics, etc. in Southeast Asia.
5	OLX	Online classifieds platform
6	Elevenia	B2C marketplace offering fashion, beauty and health, home and garden, computer electronics, sports service and food products

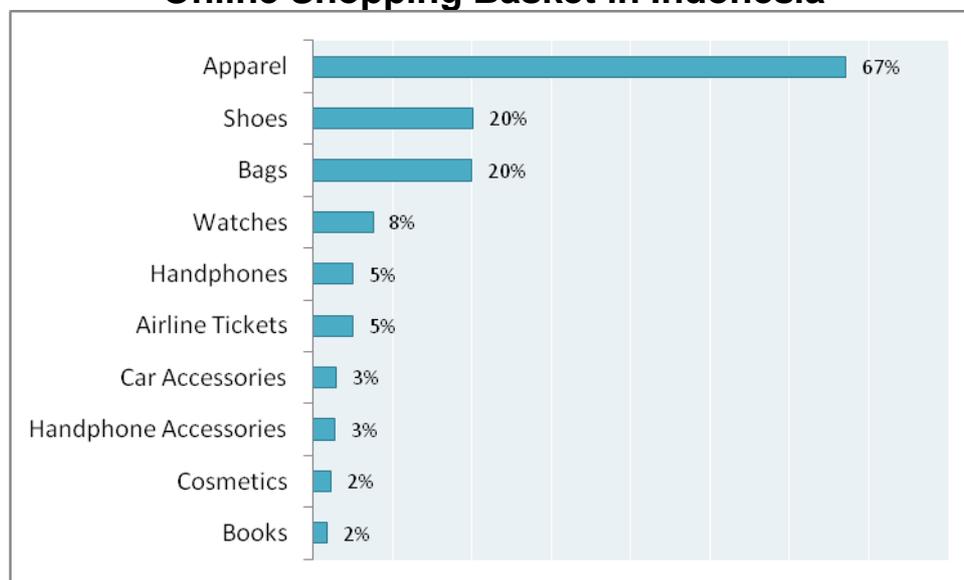
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7	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
8	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China
9	Matahari Mall	B2C e-commerce website offering clothing and fashion accessories, consumer electronic products, groceries, books, etc.
10	Blibli	One of Indonesia’s pioneer online shopping malls

Source: Alexa

Sixty seven percent (67%) of online purchases in Indonesia consists of apparel. Other fashion goods, e.g., shoes, bags and watches, are also among the most purchased. Books and cosmetics only had 2% share of online purchases each. Hand phones and airline tickets each had 5% share of online purchases, while car accessories and hand phone accessories had 3% share each. Interestingly, personal computers, which are commonly purchased online in other economies, were not included in the product categories of Indonesia’s online shopping basket.

Online Shopping Basket in Indonesia



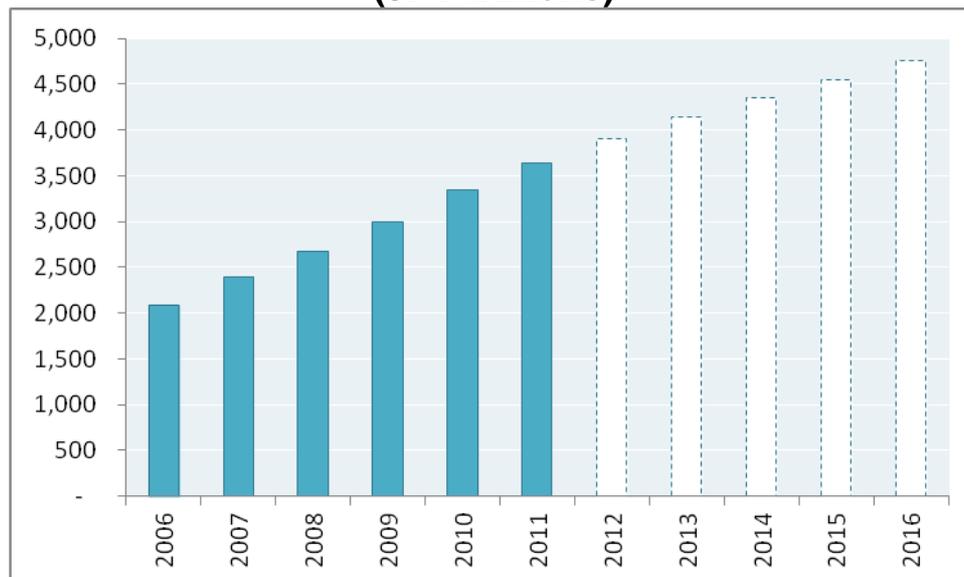
Source: Statista as cited in SP eCommerce

E-COMMERCE IN JAPAN

A McKinsey & Company Consumer and Shopper Insight report published in July 2012 valued online shopping in Japan in 2009 to be at US\$33 billion. This excludes non-

physical goods such as digital media and online tickets. In 2011, its e-commerce trade value was assessed at US\$46 billion, growing at 7% annually.

Japan Retail e-commerce revenues, actual and projected (JPY trillions)



Source: McKinsey & Company

Rakuten and Amazon were the biggest players. These platforms have combined market share of approximately 32 to 40%. Rakuten was launched in 1997 and has more than 35,000 associated merchants. It features 95 million products, which are mostly drugs, food and beverages, beauty care and consumer electronics.

Unlike in other economies where grocery items were at the bottom of the ranking of commonly purchased products online, in Japan, groceries represent 68% of the online shopping basket, followed by fashion and apparel (66%) and books (65%).

Top E-Commerce Sites in Japan

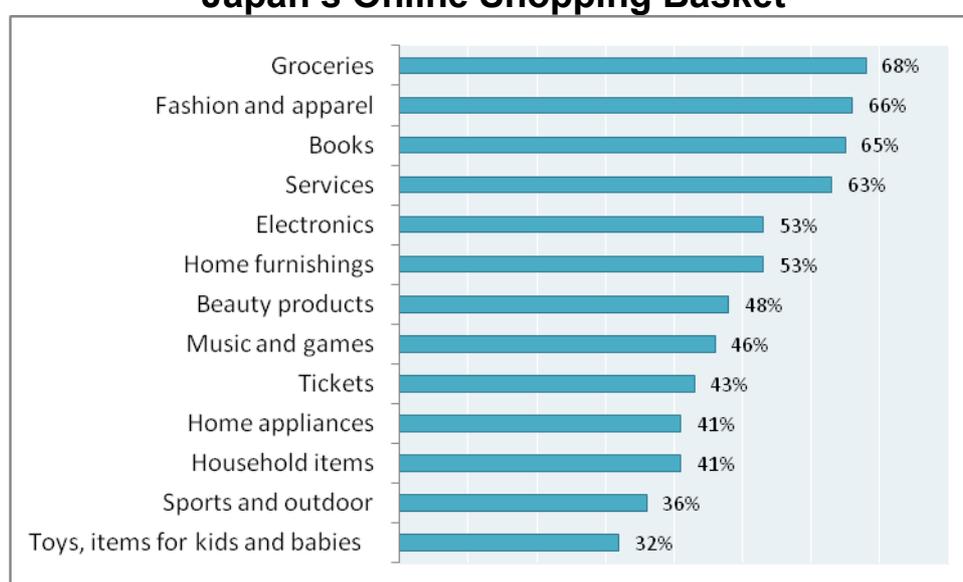
1	Rakuten	Largest B2B2C e-commerce site in Japan. Offers online retail, with more than 95 million products from 40,000 merchants
2	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items.
3	Yahoo!	Search engine, internet directory and online information portal that offers online shopping
4	Japanet Takata	Direct sales company, started online sales in 2000

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5	Senshukai	Catalog retailer
6	Start Today	Operates Zozo Town website, specializes in apparels
7	Nissen	Mail-order/ catalog retailing targeting women aged 25-59
8	Joshin Denki	Large-scale discount consumer electronics operator
9	Dell	Dell's Japanese subsidiary, sells PCs and peripherals
10	Stream	Online retailer of PCs and home electronics

Sources: Fuji Keizai, Company websites, Teikoku data Bank, Toyo Keizai, as cited in McKinsey & Company, 2012

Japan's Online Shopping Basket



Source: A. T. Kearney

E-COMMERCE IN THE REPUBLIC OF KOREA

In the Republic of Korea, meanwhile, the value of e-commerce transaction amounted to 1.2 billion Korean Won in 2013. This posted a 5% increase from the 2012 value of KW 1.1 billion. B2B transactions accounted for 91% of these transactions. Business-to-government transactions follow although with a wide margin, constituting 50% of e-commerce sales. Business-to-Consumer transactions and Consumer-to-Consumer transactions trail behind. Combined B2C and C2C transactions are at 2.8% of total e-commerce trade in 2012. The value increased to 3.1% in 2013.

Type of Transaction	2012 (amount in billion won)	Share (%)	2013 (amount in billion won)	Share (%)	Change (amount in billion won)	Change (%)
B2B	1,051,162	91.7	1,095,696	91	57,285	5.0
B2G	62,478	5.4	70,649	5.9	44,534	4.2

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B2C	21,160	1.8	24,331	2.0	8,171	13.1
C2C	12,006	1.0	13,414	1.1	3,172	15.0
Total	1,146,806	100	1,204,091	100	1,408	11.7

Source: Statistics Korea

E-COMMERCE IN MALAYSIA

Malaysia's e-commerce market has a total spend of US\$380 million in 2013. It is growing at 25% and is expected to reach US\$530 million by 2017. There were 10.5 million online shoppers recorded in 2012. In 2013, an average consumer was estimated to have expended US\$2,000. In 2014, an estimated 18.7 million Malaysians were said to have internet access. On the average, 16 hours were spent online. About 7% of online shoppers in Malaysia make a purchase on a daily basis; 26% buys once a week; and 54% buys once a month. Cross-border transactions make up 40% of e-commerce sales from American and Chinese retailer sites.

Rocket Internet's Lazada is the top e-commerce site in Malaysia. It is followed by another online platform owned by Rocket Internet: Zalora. Zalora retails clothes, shoes, accessories and beauty products.

Top E-Commerce Sites in Malaysia

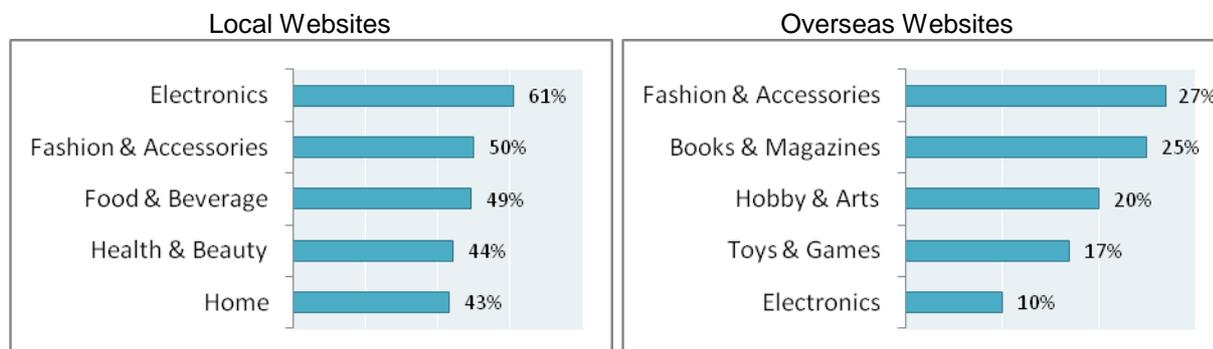
1	Lazada Malaysia	Rocket Internet's online retailer and marketplace for home appliances, electronics, etc. in Southeast Asia
2	Zalora Malaysia	Fashion retailer owned by Rocket Internet offering clothes, shoes, accessories and beauty products across Southeast Asia
3	i-Pmart	Electronics gadget e-commerce portal
4	Dell	Laptop and computer retailer
5	Superbuy	General products retailer
6	Mobile Mega Mall	Electronics retailer
7	Thepoplook.com	Muslim fashion retailer
8	Hishop	Beauty and cosmetics retailer
9	Mphonline.com	Malaysia's largest online bookstore
10	Shashinki	Retailer for new and pre-owned cameras and equipment

Source: SP eCommerce

Online purchases coursed through local websites show different preferences among Malaysian consumers. Electronics (61%), Fashion Accessories (50%) and Food and Beverage (49%) are the top product purchases in local websites.

Overseas websites receive fashion accessories orders most, at 27% of the online purchases, followed by books and magazines and hobby and arts.

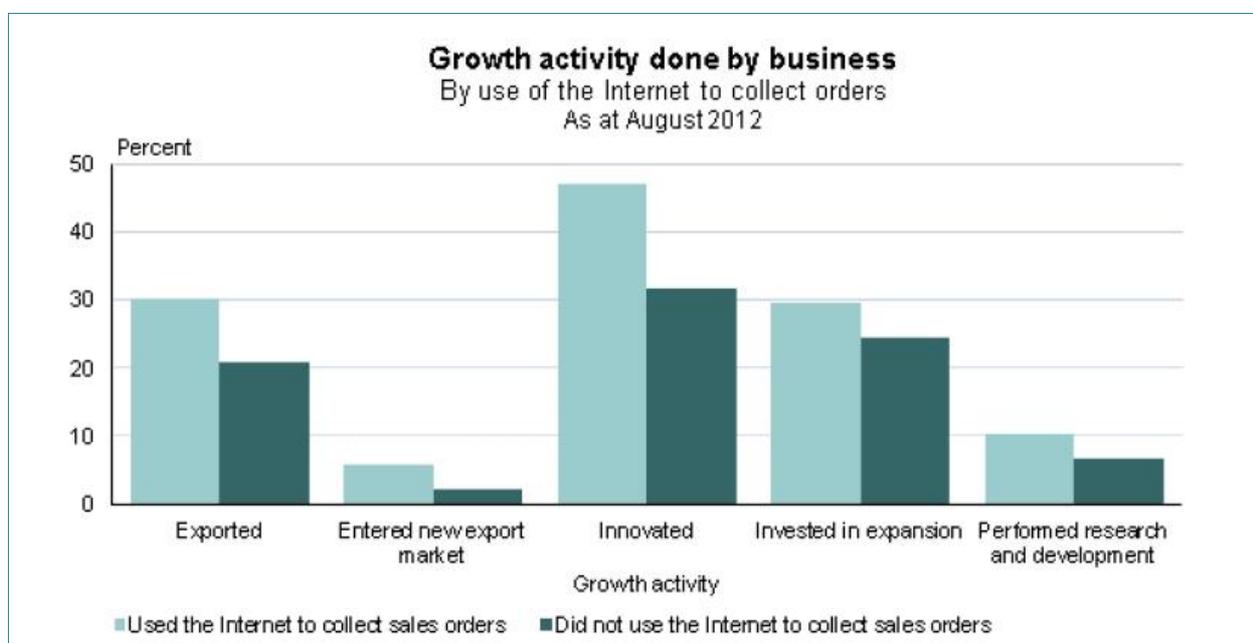
Online Shopping Basket in Malaysia



Source: SP eCommerce

E-COMMERCE IN NEW ZEALAND

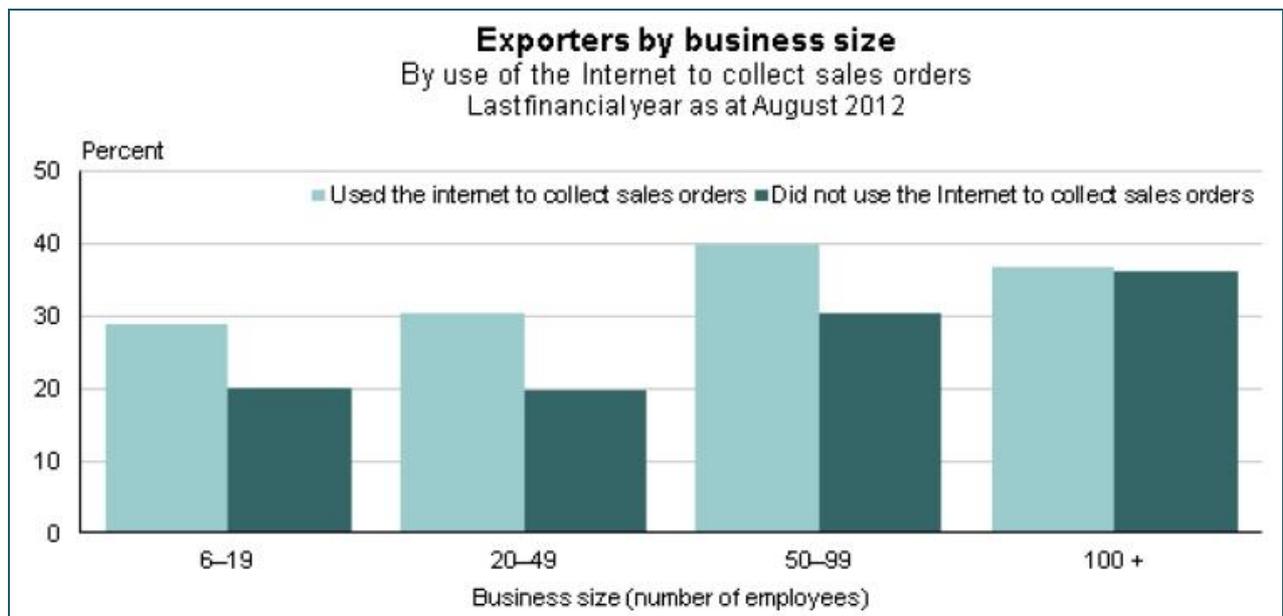
In New Zealand, the government’s Statistics Office disclosed that businesses’ use of information and communication technologies and business activities and growth are strongly linked. In their report entitled “Strong connection between ICT and business-growth activities,” the Statistics Office purports that enterprises that utilize online transactions have higher rates of exporting, innovation, and entering new export markets.



Source: Statistics New Zealand

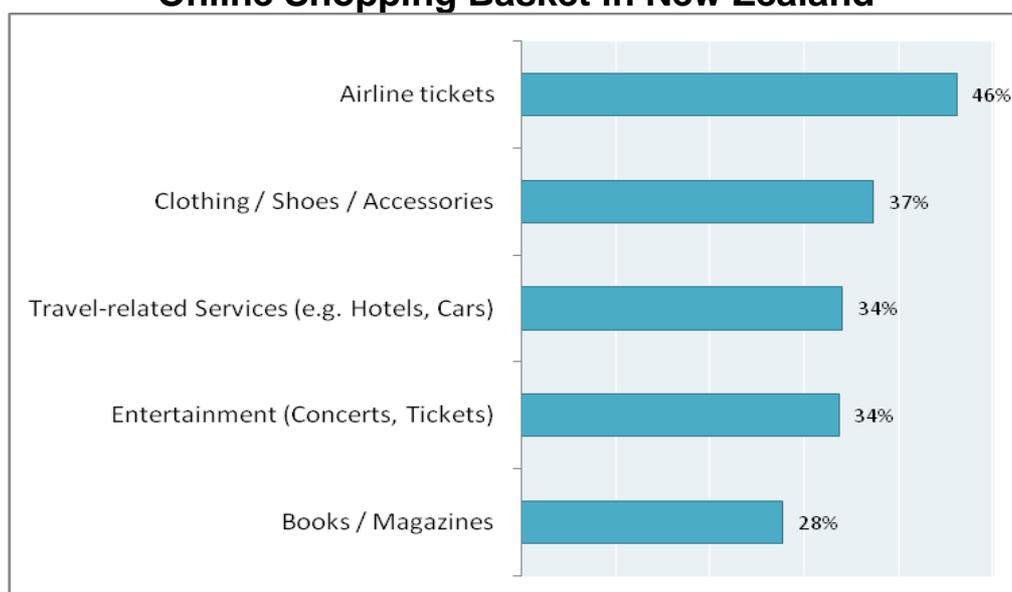
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Enterprises that used the internet to collect orders outdid enterprises that did not use the internet to collect orders in all growth activities, i.e., exporting, entering new export market, innovation, investment in expansion and research and development.



Source: Statistics New Zealand

Online Shopping Basket in New Zealand



Source: Nielsen

Top E-Commerce Sites in New Zealand

1	Trade Me	Online auction site and trading community
2	The Warehouse	Online site of the discount retail and department store selling grocery and non-grocery products
3	Mighty Ape	Sells toys, games, books, movies, home and office products, collectibles, music, electronics and computers
4	Fishpond	Online book shop selling New Zealand published titles, among others
5	Noel Leeming	Nationwide computer retail store, offering personal computers, software, peripherals, etc.
6	Health Post	Mail order selection of dietary supplements and natural health care products
7	Torpedo7	Specializes in second-hand sports gear and branded gear
8	Price me	Comparison shopping site for consumer electronics, appliances, mobile phones and other everyday household or office products
9	Net Pharmacy	Sells health and beauty products
10	Hallenstein Brothers	Offers casual and smart clothing for boys and men

Source: Alexa

New Zealand's online market is transiting into a period of tremendous growth. The Bank of New Zealand estimates the local e-commerce market at NZ\$ 2.7 billion in 2013, which is 6.2% of traditional retail market. The World Internet Project New Zealand reports that in 2013, 86% of daily internet users in New Zealand made a purchase online. In 2014, 57% of New Zealand consumers purchase online at least once a month.

Forty-seven percent (47%) of online purchases are airline tickets. This is followed by clothing/shoes/accessories, which represent 37% of online purchases.

Trade Me, an online auction site and trading community, tops the list of e-commerce sites in New Zealand. The Warehouse, which is the online site of the discount retail department stores selling a broad range of non-grocery and grocery products, comes in second in the list.

The rest of the sites included in the top 10 list are diverse in their offerings and some are specializing in one product category, i.e., books, health and beauty products, consumer electronics, and men's clothing.

E-COMMERCE IN PERU

From a population of 30.97 million in 2014, only 40% of Peruvians use the internet. According to the Visa-commissioned study in 2014 done in partnership with Euromonitor

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International, Peru has slow e-commerce growth projections compared to its neighbors. Its e-commerce size in 2013 was valued at US\$1.7 billion and is projected to increase by 8% in 2018.

Visa reports that 63.9% of consumers in Peru shop very rarely or not at all. Travel and tourism is the largest sector online.

Top E-Commerce Sites in Peru

1	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
2	Mercado Libre Peru	Buyer-Seller matching platform
3	Ebay	B2C and C2C online auction and shopping site
4	OLX Peru	Online classifieds platform
5	Linio	Online B2C shopping site
6	Aliexpress	Alibaba's B2C Marketplace for Chinese exporters
7	LAN	Online booking and ticketing site of LAN Airlines
8	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China
9	Falabella Peru	Online site of the Falabella multinational chain of department stores
10	Despegar	Online B2C travel agency that focuses on the Portuguese and Spanish-speaking markets

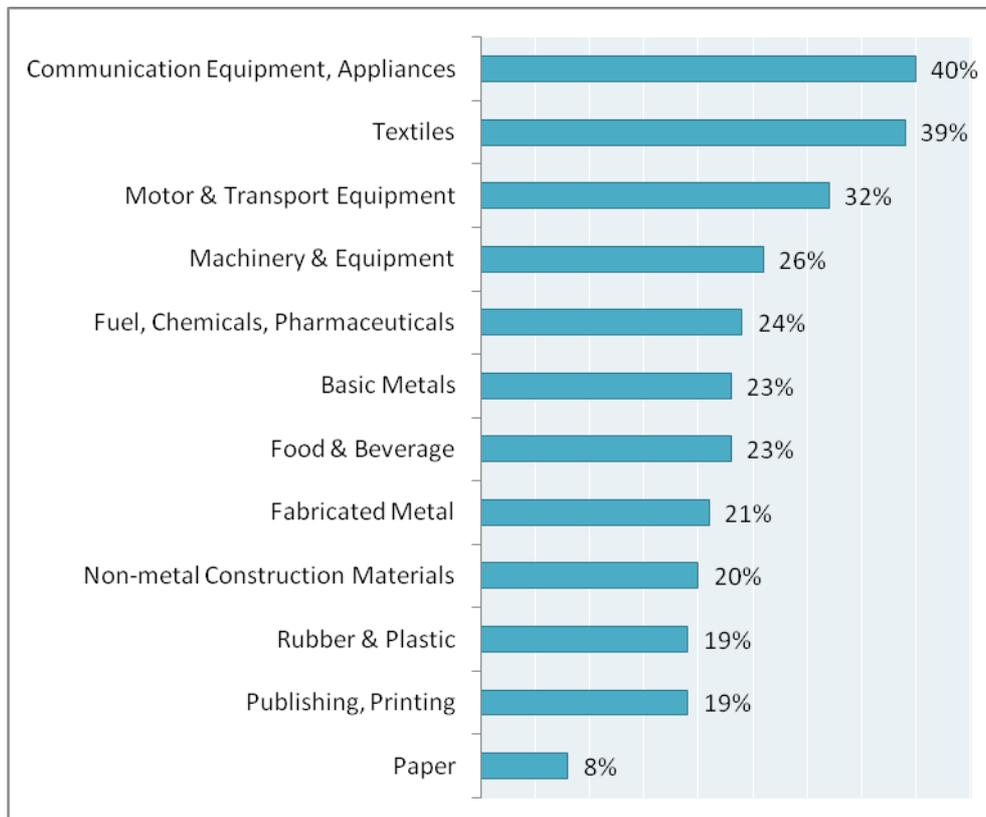
Source: Alexa

E-COMMERCE IN THE PHILIPPINES

With an internet penetration of 40%, 36.9 million Filipinos have access to the internet in 2014. E-commerce market in the Philippines is worth about US\$1.1 billion. The availability of smart phones, tablets, cheap data plans and payment options are the drivers of e-commerce. Airline ticket sales account for about 80%, according to the Digital Commerce Association of the Philippines.

In the manufacturing industry, communication equipment and appliances (40%) had the biggest share of revenue earnings through online engagement, followed closely by textiles (39%).

Extent of Online Engagement in the Manufacturing Industry, Revenues by Sector, %, August 2013-March 2015



Source: Toral, Janette. *Philippines E-Commerce 5-Year Roadmap (2015-2020)*

The top e-commerce sites in the Philippines include Lazada, an online shopping mall for computers, electronics, home appliances, etc., and Metro Deal. The leading commercial airlines in the Philippines are among the most visited websites: Cebu Pacific and Philippine Airlines.

Top E-Commerce Sites in The Philippines

1	Lazada Philippines	Rocket Internet’s online retailer and marketplace for home appliances, electronics, etc. in Southeast Asia
2	Metro Deal Philippines	Offers products at discounted rates
3	Cebu Pacific Air	Online booking and ticketing site of Cebu Pacific Airlines
4	Zalora – Philippines	Fashion retailer owned by Rocket Internet offering clothes, shoes, accessories and beauty products across Southeast Asia
5	Ebay Philippines	Online marketplace for cars, clothing, accessories,

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		electronics, etc.
6	Cash Cash Pinoy	Offers food and fashion items, travel deals and other items at discounted prices
7	Philippine Airlines	Online booking and ticketing site of Philippine Airlines
8	Ensogo	Offers discounted vouchers and coupons for food, travel packages, beauty service deals, etc.
9	Villman	Sells computers and computer accessories
10	Hallo Hallo Mall	Online shopping site selling general merchandise items

Source: Alexa

E-COMMERCE IN RUSSIA

East-West Digital News (EWDN), citing figures from Data Insight (domestic market) and NAMO (cross-border trading), estimates e-commerce in Russia at US\$68.4 billion in 2015. Domestic market is valued at US\$65.4 billion. Domestic sales for physical goods consisting of food deliveries, C2C, tickets and coupons, etc. make up about 15% of the total Russian e-commerce market.

There are around 30 million online shoppers in Russia generating an estimated 148 million orders. Cash-on-Delivery is the major mode of payment although electronic payments are slowly increasing. Cross-border flows are mainly from China. Other retailers especially those from neighboring Europe are falling since 2014 due to the depreciation of the Russian currency.

Top E-Commerce Sites in Russia

1	Ulmart	Amazon-style marketplace selling computers, children's toys, furniture, etc.
2	Citilink	Distributor of <i>Merlion</i> computer equipment, digital electronics, household appliances, stationery, office furniture and business gifts
3	Wildberries	Holds over 1000 brands of clothes; has recently expanded to Kazakhstan
4	Ozon	Sells 2 million types of products as an online ticket and hotel agency; also sells clothing products
5	Biglion	Created as a clone of popular voucher service Groupon; now sells discount electronics and household goods
6	Holodilnik	Sells domestic appliances
7	Technopoint	Sells digital household appliances
8	Enter	Online and offline seller of consumer goods from household appliances to furniture sets, etc.
9	220 Volt	Specializes in the sale of power tools, garden and

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10		construction equipment, lighting products and security systems
	Utkonos	Offers 30,000 goods in their catalogue with products ranging from fresh and processed foods, sporting goods, arts and crafts, car accessories, etc.

Source: Forbes

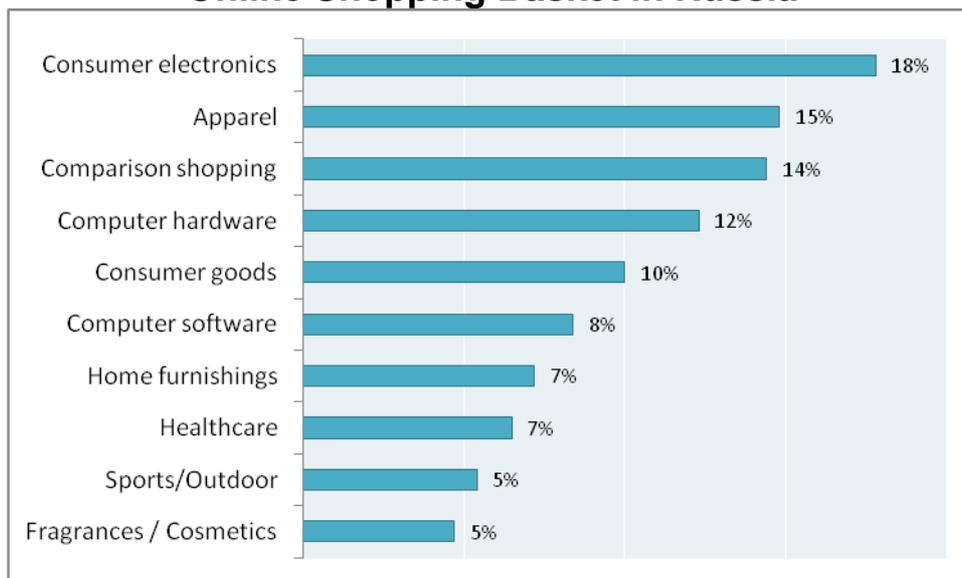
Much of the growth in e-commerce is attributed to mobile connectivity. Internet penetration rate is at 71% (World Bank, 2014). This translates to 84 million Russians aged 16 and above declaring that they use the internet. Approximately 42% of these, access the internet through their mobile devices.

The Top e-commerce site in Russia is Ulmart. It is an Amazon-style marketplace selling computers, children’s toys, furniture, etc. It records annual sales of more than US\$1 billion.

Citilink, the distributor of Merlion’s computers, digital electronics and household appliances, office furniture, stationery and business gifts, is the second most visited site. It prides of having more than 450 brands and a network of 5,500 partners in every region in Russia and the Commonwealth of Independent States (former Soviet Union).

Among the leading product categories purchased online are consumer electronics (18%) and apparel (15%). Fragrances (5%), sports and outdoor (5%), and healthcare (7%) products, meanwhile are atypical purchases.

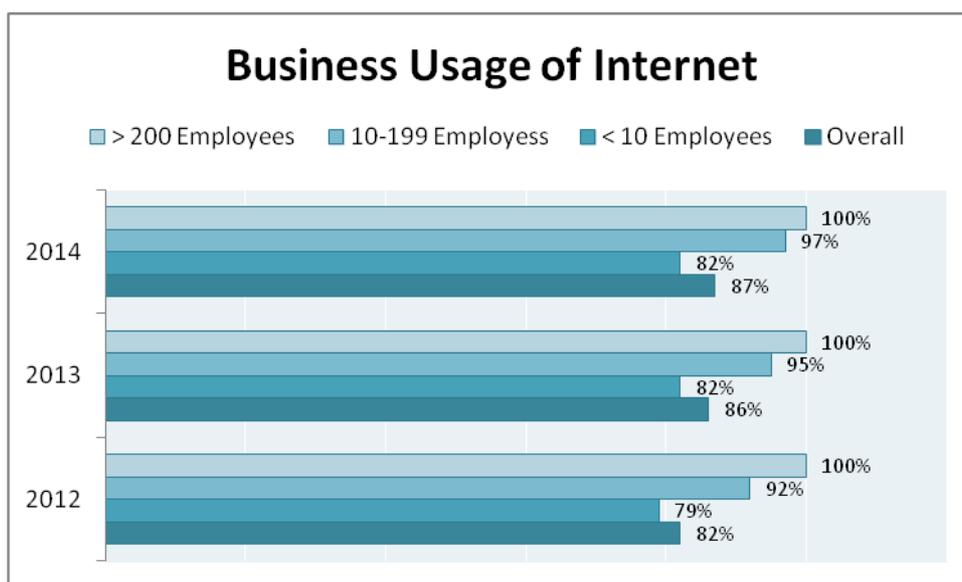
Online Shopping Basket in Russia



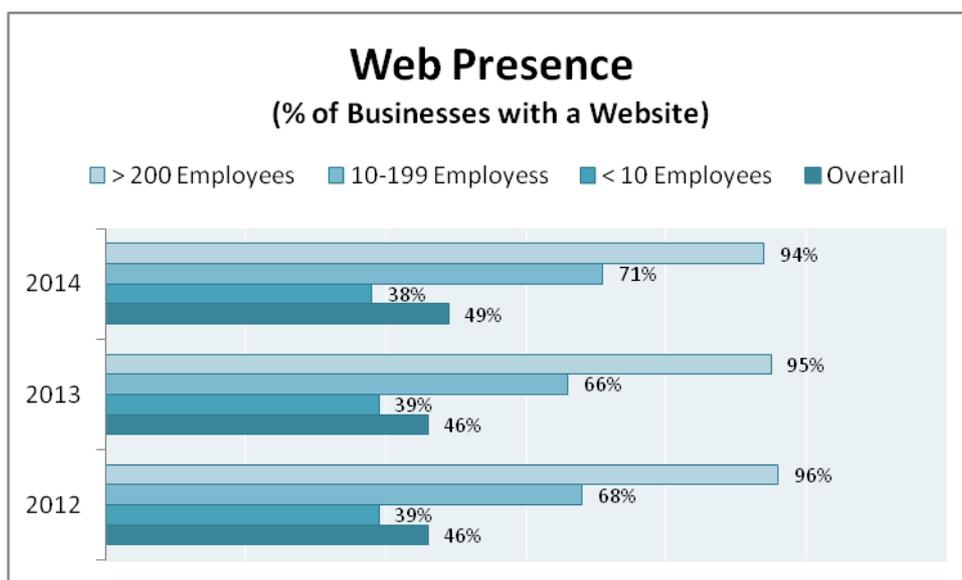
Source: comScore MMX as sited in Russian Search Marketing

E-COMMERCE IN SINGAPORE

E-commerce in Singapore was estimated at US\$2.7 billion in 2014 and was projected to grow to US\$3.45 billion in 2015. Euromonitor reports that Singapore and Malaysia’s retail sales combined constitute half of all retail sales in Southeast Asia although both economies’ population only account for 8% of the total population in ASEAN.



Source: IDA Singapore



Source: IDA Singapore

Infocomm Development Authority (IDA) of Singapore states that the it has 156% mobile phone penetration, with almost 5.3 million 3G subscription by the end of 2013.

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In a study by Visa cited in SP eCommerce, it was revealed that more than a quarter (26%) of Singaporeans shop online at least once a week, 58% shop at least once a month, and 50% of Singapore netizens would do all their shopping online, if possible. Sixty percent (60%) of Singapore's e-commerce sales are cross-border orders, according to Forrester Research. This is significantly high compared with Malaysia's cross-border sales of 40%, Japan's 18%, and Korea's 25%.

Business usage of internet is very high in Singapore, above 80% across all enterprises. All large enterprises (> 200 employees) have 100% internet usage. Although SMEs are lagging, percentages have been increasing as revealed in the 2012-2014 data.

Not all businesses have a website. According to IDA Singapore, in 2014, only 94% of large enterprises have web presence. Small and medium enterprises have lesser web presence. In the same year, only 71% of enterprises with 10-199 employees have websites. While only 38% of enterprises with <10 employees have web presence.

Top E-Commerce Sites in Singapore

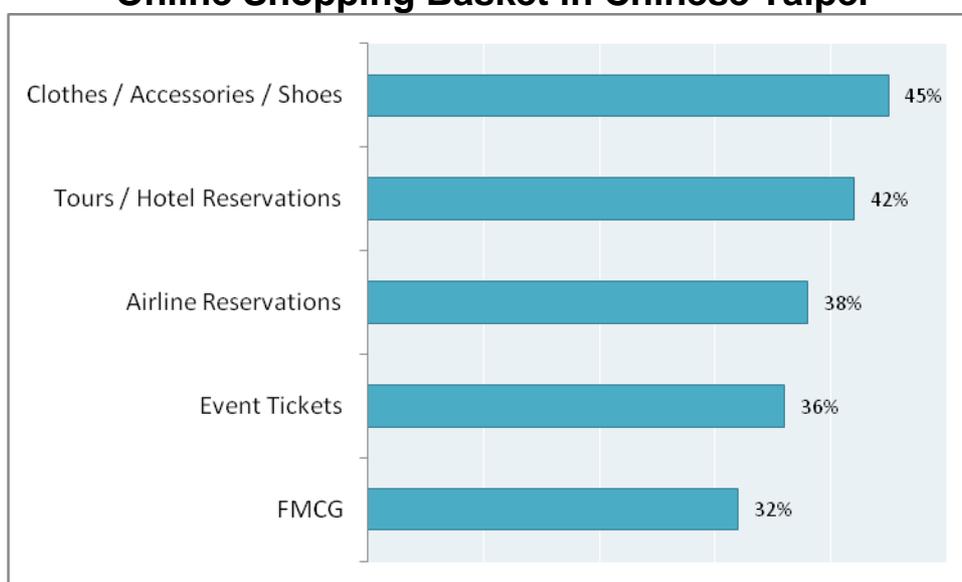
1	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
2	Qoo10	Joint venture program between Korea's Gmarket and ebay, Qoo10 is an online marketplace for merchandise items at low price.
3	Singapore Hardware Zone	Offers computers, smart phones, tablets, cameras and other consumer electronics
4	Apple	Apple, Inc.'s online store featuring their hardware products (smart phone, computer, media player, watch) and music retailer iTunes
5	Lazada Singapore	Rocket Internet's online retailer and marketplace for home appliances and electronics, etc. in Southeast Asia
6	Taobao	Alibaba-owned online C2C marketplace
7	Ebay	B2C and C2C online auction and shopping site
8	Carousell	Offers clothing and fashion accessories, home and lifestyle, hobbies and gadgets, etc.
9	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China
10	Sg carmart	Sells new and used cars; provides after sales service

Source: Alexa

E-COMMERCE IN CHINESE TAIPEI

Chinese Taipei's internet penetration in 2014 is at 80%, according to World Statistics as cited in SP eCommerce Report. HKTDC claims that smartphone adoption is at 50% in the same year. It is among the most highly connected economies in the Asia Pacific Region. In 2014, it was estimated that 50% of the population use at least three devices. This has contributed to the robust e-commerce trade. Seventy percent (70%) of online shoppers reported that they use their mobile phones online.

Online Shopping Basket in Chinese Taipei



Source: SP eCommerce

Social networking is among the popular smartphone activity. In 2014, 64% of mobile users account that they use their mobile phones to access social networking sites. Facebook is the most popular social media site. Chinese Taipei is the global leader for Facebook penetration, at 65%. This leads e-commerce business into social media space.

In 2015, e-commerce in Chinese Taipei is valued at US\$34 billion. In 2014, Marketing Intelligence and Consulting Survey revealed that online consumers shop across borders on overseas websites, notably from China, Japan and the United States.

Clothes, accessories and shoes top the list of commonly purchased items online. It constitutes 45% of online purchases. This is followed by tours/hotel reservations, which contribute 42% of online purchases. Fast moving consumable goods constitute only about a third of online purchases.

Top E-Commerce Sites in Chinese Taipei

1	Taobao	Alibaba-owned online C2C marketplace
2	Feebee	B2C online marketplace offering general merchandise items
3	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
4	PC Home	Open auction site replacing eBay Chinese Taipei
5	Tkec.com	Online marketplace offering consumer electronics
6	ePrice	E-commerce site offering mobile phones and other consumer electronics
7	Gomaji	Offers restaurant reservations and group meals at discounted rates
8	Buy123	Shopping and auction site
9	Shop.com	Comparison shopping website catering to female consumers; offers items for the home, fashion accessories, etc.
10	Tmall	Alibaba-owned B2C online platform retailing branded merchandise

Source: Alexa

E-COMMERCE IN THAILAND

The Thai economy's e-commerce market was estimated at US\$ 1 billion in 2014 and was projected to grow to US\$6 billion between 2020 and 2025. Social commerce is a promising trend in Thailand. Of its 67 million population, 28 million are Facebook users, and 10,000 local pages in Facebook are dedicated to commerce.

Top E-Commerce Sites in Thailand

1	Ebay	B2C and C2C online auction and shopping site
2	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
3	Lazada Thailand	Rocket Internet's online retailer and marketplace for home appliances and electronics, etc. in Southeast Asia
4	Aliexpress	Alibaba's B2C Marketplace for Chinese Exporters
5	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China
6	Agoda	B2C online travel agency based in Singapore offering accommodation booking services of various types of accommodations including hotels, beach resorts, rest houses, etc.
7	Booking.com	Online accommodation booking website available in more

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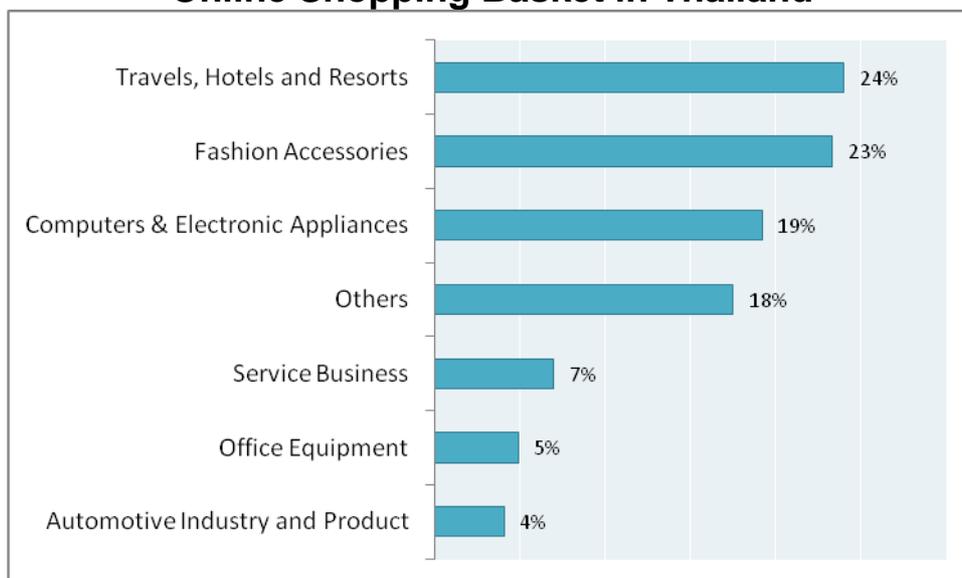
		than 40 languages and offers 858,032 active properties in 223 economies and territories; started as a small start-up in Amsterdam, Netherlands in 1996 and was acquired by the United States' Priceline in 2005
8	We Love Shopping	B2C website offering general merchandise items
9	Air Asia	Booking site of the low-cost airline, Air Asia. *Air Asia is the largest airline in Malaysia in fleet size and destinations. It operates scheduled domestic and international flights to 100 destinations spanning 22 economies.
10	Rakuten Tarad.com	B2B2C marketplace and online community

Source: Alexa

In 2013, Thailand posted 90 million mobile subscriptions, which exceeded the population. This further grew at 25% in 2014. In the same year, 51% of mobile internet users made an online purchase.

Travels, hotels and resorts bookings compose 24% of online purchases in Thailand. This is followed by fashion accessories (23%). Automotive industry product and office equipment only had 4% and 5% of online purchases, respectively.

Online Shopping Basket in Thailand



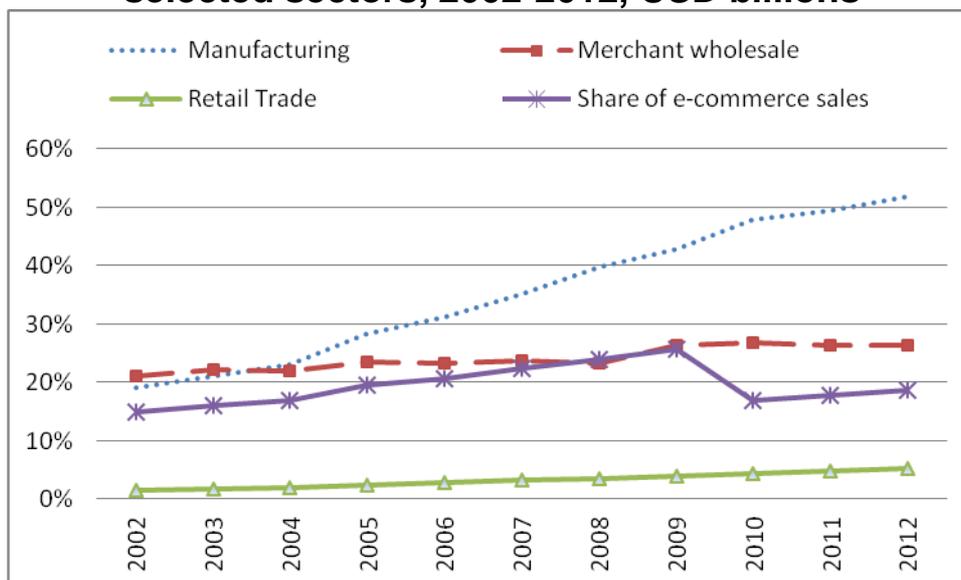
Source: SP eCommerce

E-COMMERCE IN THE UNITED STATES

Business-to-business transactions accounts for a large share in e-commerce revenues. In 2012, the United States posted US\$5.4 trillion in e-commerce sales, representing 19% of the total sales in manufacturing, merchant wholesale and retail trade.

Manufacturing shows the biggest share of e-commerce revenues among the three sectors. From a share of 19% in 2002, the revenues generated by e-commerce grew progressively in the ten-year period leading to 52% share in 2012. The share of e-commerce revenues in merchant wholesale trade meanwhile hovered between the 20-30% range. From a 21% share in 2002, it grew to its peak at 27% in 2010 and has stayed at 26% for two years (2011-2012). Retail trade e-commerce recorded the least share in revenues in e-commerce in The US. Although it grew steadily since 2002, its stumpy start at 1% share in 2002 had a dawdling rise to 5% in ten years, marking a 1% increase every two or three years.

Share of E-Commerce Sales in the USA, selected sectors, 2002-2012, USD billions



Note: Author's own illustration, culled from the United States Census Bureau data cited in *Information Economy Report 2015*.

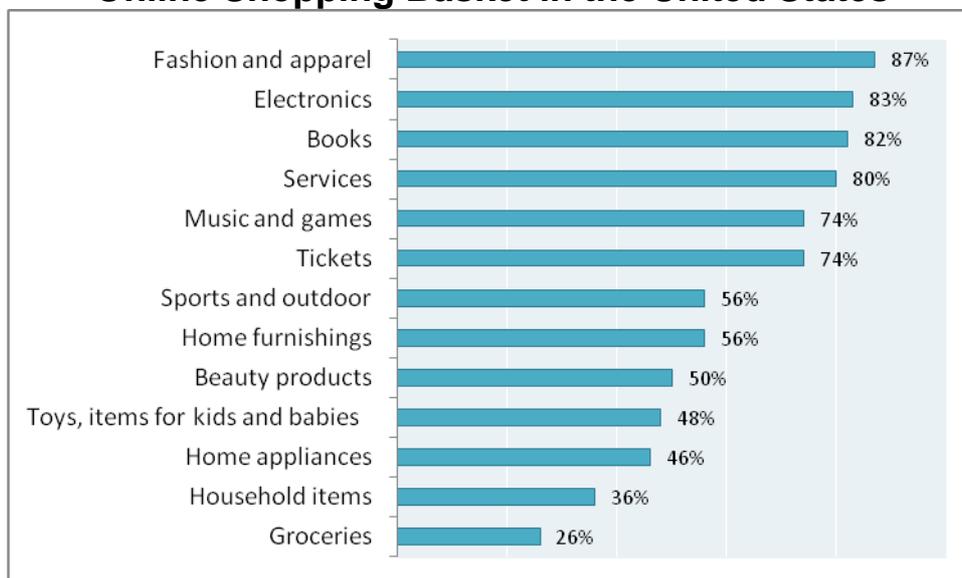
Top E-Commerce Sites in The United States

1	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
2	Ebay	B2C and C2C online auction and shopping site
3	Msn.com	Web portal and related collection of internet services and apps for windows and mobile devices provided by Microsoft. Offers shopping, news and money, e-mail, search and chat services.
4	Zillow.com	Real estate and rental marketplace. Serves the full lifecycle of owning and living in a home: buying, selling, renting, financing, remodeling, etc. It has a living database of more than 110 million homes in the US- including homes for sale, homes for rent and homes not currently on the market, as well as estimate values and other information. It was launched in 2006 and is headquartered in Seattle.
5	Walmart.com	Online shopping site of Walmart. Provides customers with a wide range of inventory items including clothing, recreational and home products.
6	Apple	Apple, Inc.'s online store featuring their hardware products (smart phone, computer, media player, watch) and music retailer iTunes
7	Etsy	Marketplace of individual sellers/creators of handmade or vintage items, art and supplies.
8	Target.com	General merchandise retailer
9	Homedepot.com	Stores in the US and Canada sell building materials, home improvement and garden products. Includes store locator and project information
10	Bestbuy.com	International retailer of consumer electronics and entertainment software under the names Best Buy, Magnolia and Future Shop.

Source: Alexa

Amazon is the leading e-commerce site in the US followed by Ebay. Computer technology companies Microsoft and Apple were included in the most visited e-commerce sites along with other retailers: Walmart, Target and Bestbuy. Specialty stores, like Etsy, that feature handicraft products; Zillow, which specializes on real estate and home rentals; Homedepot, featuring building materials were among the leading ecommerce sites in the US.

Online Shopping Basket in the United States



Source: A.T. Kearney

More recent data from A. T. Kearney’s Connected Consumers Study (2014) showed fashion and apparel, electronics, and books are among the most purchased products online in the United States, generating more than 80% of the online sales. Home appliances (46%), household items (36%) and groceries (26%), on the other hand were the least purchased commodities.

Online Retail Markets in China and the United States

		China	The United States
How large is the market?	Size of electronic retail (e-tail) market (US\$ billion, 2012)	190-210	220-230
	E-tailing as % of retail	5-6%	5%
Where do sales happen?	Marketplaces’ share of e-tailing (%)	90%	23-24%
	C2C share of e-tailing	>70%	Single-digit
What do online shoppers buy?	Biggest product category	Apparel	Travel
How do retailers perform?	Average EBITDA across ecosystem	8-10%	8-10%
	Diversity of EBITDA across ecosystem	Wide range	Narrower range
What devices are shoppers using?	Mobile commerce’s share of e-tailing	2%	5%
	Smartphone	10%	42%

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	penetration in population		
How are products delivered?	Coverage of next-day delivery by major express delivery companies	Mostly in Tier 1 and Tier 2 cities	Almost nationally
How do shoppers pay?	Cash-on-delivery by independent B2C	Common	Rare
	Third-party payment systems	Majority	Majority

Source: McKinsey & Company

Note: EBITDA = Earnings before interest, taxes, depreciation and amortization

E-COMMERCE IN VIET NAM

Viet Nam has 48% internet user rate. With a population of 90.73 million in 2014, this translates to 43.55 million internet users in Viet Nam. Fifty seven percent (57%) of internet users purchase online. B2C e-commerce sales was estimated at US\$2.2 billion.

In the 2013 Ministry of Industry and Trade's E-Commerce Report, it was estimated that e-commerce sales per online buyer in Viet Nam is at US\$ 120. Commonly purchased items include fashion and cosmetics (62%), technology and electronic products (35%), household products (32%), and airline tickets (25%).

Top E-Commerce Sites in Viet Nam

1	Nha Dat So	B2C website for real estate
2	5giay	B2C website for computers, laptops, mobile phones, fashion accessories, etc.
3	Amazon	Online bookstore that has diversified into selling consumer electronics, music, videos, apparel, and other general merchandise items
4	Lazada Viet Nam	Rocket Internet's online retailer and marketplace for home appliances and electronics, etc. in Southeast Asia
5	Vatgia	B2C, C2C e-commerce platform
6	2banh	B2C online platform selling motorcycle parts and accessories
7	Cho Tot	C2C ad site
8	Thegioididong	B2C e-commerce site retailing digital products, including mobile phones, laptops and accessories
9	Muabannhanh	B2C e-commerce platform
10	Alibaba	B2B, B2C and C2C website connecting Chinese manufacturers with overseas buyers; now accepts sellers outside China.

Source: Alexa

APEC MEMBER ECONOMIES' ONLINE PORTALS

This section presents some of the existing business matching portals in the 21 APEC member economies.

Economy	Portal	Description
Australia	Australian Suppliers Directory http://www.austrade.gov.au/	The Australian Suppliers Directory is a search engine of Australian products and services to overseas buyers. This is an initiative of the Australian Trade Commission (Austrade) which aims to assist Australian businesses, education institutions, tourism operators, governments and citizens by generating market information and insight, promoting Australian capabilities, developing policy, making connections through an extensive global network of contacts, leveraging the badge of government offshore, and providing quality advice and services.
	GraysOnline http://www.graysonline.com/	Graysonline.com is an online retail and auction company offering a huge range of consumer, industrial and commercial goods direct from manufacturers and distributors. They offer products such as computer and electronics, audio, wine, manufacturing and engineering, home, garden and tools, appliances, fine jewellery and premium watches, fragrance, automotive, etc.
	Gumtree http://www.gumtree.com.au/	Gumtree aims to give their customers a simple and easy-to-use search tool that allows them to quickly find what they are looking for. They offer products such as automotive, home and garden, jobs, real state, services for hire, and many more.
Brunei Darussalam	Brustores http://www.brustores.com	Brustores is an e-commerce solution that helps clients get more out of the marketplace. Clients get exclusive marketing and merchandising tools which enable them to easily create a profile and build an online store which can greatly build a strong brand that can attract customers by showcasing all of their

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		merchandise in one location as they become available, deals of the day, and the like. Brustores becomes a central shopping destination where buyers can learn more about the enterprises, their products, and their business policies. Brustores offers products under consumer electronics, automotive computers and networking, mobile and accessories, among others.
Canada	18 KARAT Store	KARAT is an online platform for retailers and wholesalers of various products focusing in furniture, planters, tableware, etc. They have online catalogues that customers can refer to. It is a design, import and retail company specializing in contemporary interior design accessories and furniture. Their products are sold to retail stores, interior designers and architects throughout North America and the world. From handmade objects inspired by nature, to minimalist furniture made from elemental materials, their mandate is to balance functionality with beauty.
	Truly Organic Foods (B2B or B2C)	Truly Organic Foods supplies different food products, including raw and vegan organic super foods, herbs, spices and mushrooms, natural supplements, and others. It is proud to be a 100% eco-friendly company, and promotes healthy lifestyle to consumers. Other special features include free shipping of all products, gift certificates given to loyal customers, and blog sites.
Chile	CH-M1049 : Business Platform for the Public Procurement Market in Chile http://www15.iadb.org/en/projects/project-description-title,1303.html?id=CH-M1049	The project's objective is to lower the costs that are paid by stakeholders when they interact with the public market and it allows SMEs to lower their transaction costs, thereby increasing competitiveness.
People's Republic of	China Business Platform http://www.china-business-	The China Business Platform (CBP) is a trade and investment platform which aims

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China	platform.ch/en.html	to facilitate business relations between China and Northwestern Switzerland, the fastest-growing Swiss business location with a global reputation for excellence in research and innovation.
Hong Kong, China	One Incorporation and Business Centre Hong Kong http://www.oneibc.com.hk/how-it-works?gclid=CPHPu6ftu8YCFdcRvQodbX4HxQ	One Incorporation and Business Centre Hong Kong (OneIBC Hong Kong), a Subsidiary of Galaxy One Limited, was established with specialized services to incorporation and support services, such as banking support, virtual office, local phone, etc. OneIBC Hong Kong proudly offers customers the best and convenient services, solutions and products with over 32 branches, representative offices and associated companies in 26 economies around the world.
Indonesia	Indonesia Investments http://www.indonesia-investments.com/business/business-platform/item262	The website of Indonesia Investments can be regarded as the reference point for a better understanding of the Indonesian markets, economy and society. It will assist anyone that has the intention of doing business or exploring business opportunities in Indonesia by providing accurate and up-to-date information regarding the current state of affairs in the economy and by being the starting point for realizing such intentions. Thus, their slogan “Informed Assessment to Invest and Communicate.”
Japan	Rakuten http://www.rakuten.com	Formerly Buy.com, Rakuten.com is an online marketplace run by Rakuten, Inc., a successful Japanese e-commerce platform. Rakuten is one of Japan’s leading internet services companies, with around 40 businesses and services expanding its business to more than 25 economies and regions worldwide. Their global footprint starts from Japan to Asia, the Americas and Europe with wide portfolio of services. Rakuten is also an eco-system of online services, ranging from e-commerce, eBooks, travel, banking, securities, to credit card services, etc.

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<p>Republic of Korea</p>	<p>tradeKorea.com http://www.tradekorea.com/</p>	<p>tradeKorea.com is a B2B e-marketplace that aims to be the most reliable online platform for trade with Korean suppliers and buyers. Extensive and specific databases hold well-organized categories on Korean companies and Korean products which can be accessed to obtain information about Korean manufacturers. Overseas companies also have a chance to sell their products and open up a new market in Korea.</p>
	<p>buyKorea http://www.buykorea.org/</p>	<p>This online platform not just offers goods and services. It also has feature of forecasting business events schedules like the 2015 Automotive Industry Business Plaza in Gwang-ju, an export consultation in Korea. When you click the business events post, it will lead you to the event's basic confirmation including its summary, event dates, locations, and contact persons. Chemicals and pharmaceuticals, minerals and metal products, agriculture and fishery, pulp, printer and printing, environmental products are categories not that common to other online platforms in Korea that is present in buyKorea.</p>
<p>Malaysia</p>	<p>MATRADE http://www.matrade.gov.my/en/malaysian-exporters/services-for-exporters/export-promotion/trade-matching</p>	<p>This is the official portal of Malaysia External Trade Development Corporation. Among others, this site contains the MATRADE Business Library which include information on business directories, economy profiles, tariff schedules, market reports, periodicals and statistics; a product directory which lists Malaysian exporters registered with MATRADE comprising of manufacturers, contract manufacturers and traders; and Malaysia Services Directory which showcases Malaysian companies registered with MATRADE that have been exporting their services including construction, architecture, engineering, healthcare, education, oil and gas, franchising, ICT, logistics and transportation, as well as</p>

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		business services.
Mexico	SinDelantal Mexico https://sindelantal.mx	SinDelantal Mexico is a leading Mexican online platform for takeaway service. It currently operates in 19 Mexican cities.
New Zealand	Thedeal.co.nz	Thedeal.co.nz is where New Zealand and international suppliers promote and offer their products. The website showcases New Zealand's largest range of products online, which has a discount already. They offer the best possible prices on many trusted brands and products. They offer home and living products, electronics and appliances, health and beauty products, clothing and accessories, barbecues, wine and sport.
Papua New Guinea	Digicel Papua New Guinea http://www.digicelpng.com	Digicel Group is a leading global communications provider that operates in 33 markets in the Caribbean, Central America and Asia Pacific. After 13 years of operation, total investment to date stands at over US\$5 billion worldwide. The company is renowned for delivering best value, best service and best network. They offer phones and other services.
Peru	Peru Business Guide http://www.peruvianbusinessguide.com/	Peru B.G. is part of the Network Italian Business Guide, created in 2000 as the only tool of new technology, which allows small and medium Peruvian industries to be immediately visible and operative in the most important B2B markets in the world. Every company, with their products, is presented professionally and launched in all regional web portals of the network facilitating the direct synergy with international markets with the aim of creating a distribution network for each one.
The Philippines	Mimaropa Ventures http://mimaropaventures.ph	Mimaropa Ventures is an online marketplace for government-assisted MSMEs in the MIMAROPA region.
	PhilExport http://www.philexport.ph	The Philippine Exporters Confederation, Inc. (PHILEXPORT) is the umbrella organization of Philippine exporters accredited under the Export Development

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		Act (EDA) of 1994. It is a non-stock, non-profit private organization born out of the unification of the Philippine Exporters Foundation and the Confederation of Philippine Exporters in August 1992. It is mandated to strengthen the economy's export industry through its export promotion and development programs. The site features news articles necessary or related to exporting (trade/ tariff issues) and members of the site, posts PHILEXPORT events (e.g., trade shows, seminars or meetings), and allows business transactions online.
	Shopinas (B2C/B2B) http://www.shopinas.com	The online platform covers various products under vanity, gadgets and games, sporting goods, health, kids, auto parts, and proudly Pinoy categories. Its website includes news articles regarding the products that they offer, discounts and freebies that could be availed, etc. The site is open for blogs of different customers who would want to share their shopping experiences in using the online platform. The website displays weather reports; includes features that could benefit the customers by tracking their orders, checking the transactions' validity by verifying with BIR, among others; and features a Buy and Sell component that includes sellers hand book, guide on how to open an online store in the platform, etc.
	OLX http://www.olx.ph	AyosDito, one of the popularly known online stores in the Philippines, joins OLX. It offers a variety of product categories. The online platform offers real estate properties, pets, etc. The site assures easy transport of goods and services by including a search engine feature that allows customers to choose a location where they are near to prevent high delivery charges/fees due to distance discrepancies.
Russia	RusUsa.com	RusUSA.com, also referred to as Russian

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		America, is a large community informational website for Russians living in the United States, as well as in other economies around America. They also offer products such as computers and electronics, clothing and accessories, phones and calling cards, and many more.
Singapore	Qoo10 and Giosis http://www.qoo10.sg	Giosis Pte. Ltd. is a joint venture company formed with eBay, the world's largest online marketplace, to become Asia's leading online marketplace. Giosis Group provides a powerful online marketplace platform that allows its buyers to enjoy a highly secure and convenient shopping experience. Giosis Group currently operates seven localized online marketplaces in five economies, including Japan (http://www.qoo10.jp) and Singapore (http://www.qoo10.sg), and plans to expand into more Asian economies in the near future.
Chinese Taipei	Power Sourcing with Taiwan Trade	This online platform features newsletters, posts international Chinese Taipei trade shows, and mobile application for trading (get B2B on the go), among others.
	TaiwanB2B	TaiwanB2B has been providing turnkey solutions for many companies in Asia with an online presence, including SEO services, complete custom website development and marketing. They have developed over 500 websites for many different industries in Asia. The Taiwan B2B platform has been developed to provide small manufacturing companies, wholesale distributors and OEM a mini website for free to list their company, products and services. Taiwan B2B also provides additional features on the marketplace portal for featured sellers at a low cost fee to upgrade. The upgrade feature will provide more exposure for the business and services. By being a member of Taiwan B2B, and being listed, it will help websites get more traffic and improve website ranking.

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Thailand	THAITRADE http://www.thaitrade.com/home	ThaiTrade is an online platform for trading products for categories like agriculture, apparel, beauty and personal care, chemicals, electrical equipment and supplies, etc. Like other trading sites, they have space for buyers and sellers for each product category. They have live customer support and post hot deals in their home page.
	Thaiwebsites.com	This website leads customers to different online platforms available in Thailand. This site has tabs for culture, business, real estate, media, travel, health, food, entertainment, hotels, industry, consumer goods, and articles. This is not just for trading purposes, but also for tourism purposes. This also has articles, reviews, and reports pertaining to economic data and Thailand developments. ***Lazada, Amazon, Aliexpress, Ebay, Agoda, Alibaba, etc. are also open for transactions in Thailand.
The United States	Alibaba (B2B)	Although primarily Chinese-owned, this version caters to English-speaking consumers and has different categories already seen in the homepage of the site, alibaba.com. This platform does not offer the five categories of APEC. However, this site offers products under electronics category such as car accessories, agricultural products, food processing products, etc. There are also categories such as apparel, textiles and accessories, auto and transportation, machinery, industrial parts and tools, gifts, sports and toys, home, lights and construction, and many more.
	Ebay	Ebay.com is a global trading platform that offers different products under many categories such as automobile accessories, cell phone accessories, collectibles and arts, fashion, home and garden, sporting goods, hobbies, deals and gifts, etc.

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	Amazon	Amazon.com is a global online platform that offers various product categories such as books and audible, movies, music and games, electronics and computers, home, garden and tools, beauty, health and grocery and many more. They also feature their careers, investor relations, press releases and many more.
	Shopping.com	Shopping.com is a pioneer in online shopping and it is now one of the leading shopping destinations. It offers product categories such as clothing and accessories, computers, electronics, at home, kids, health and beauty, among others, from trusted brands and online stores. This site is part of the eBay Commerce Network.
Viet Nam	Vietnamese made http://www.vietnamesemade.com/home/index.php	Vietnamesemade is a B2B online platform that has product categories offered like agriculture, automobile, business services, chemicals, computer hardware and software, electronics and electrical, telecommunications, food and beverage, etc. Each of those categories has its own set of products that can be offered to different businesses. Other special features include trade communities and list of suppliers (different companies) according to category. They also sponsor trade shows in different parts of Viet Nam.
	TradeKey (B2B)	TradeKey is a Viet Nam online platform that caters to different businesses and companies with various top categories like agriculture, food and beverage, automobiles, etc. Other special features include trade updates (where one can be informed what the other economy buys from the website) and collection of news articles and announcements about different industries.
	Bizviet (B2B)	Bizviet is an online platform where global suppliers, wholesalers, importers, exporters and different companies trade their products globally. It lists different

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		product categories that can be seen clearly in their home page. It also posts status of each economy's trade in others.
	TradeBoss http://www.tradeboss.com/	TradeBoss is an international B2B network which focuses on trading products to other economies. It has spaces for posting what other economies need to trade with each other. They have spaces for those who want to sell and buy various products from food to electronics.
	Asia Commercial Ebusiness in Viet Nam (ACEVN) http://www.acevn.com/	ACEVN is a B2B marketplace that aims to provide online business trading platform for Vietnamese and global traders. Their product features include agriculture, fishery and marine, electronics, etc.

REGIONAL ONLINE PORTALS

Portal	Description
Asian Trade Promotion Forum http://www.atpf.org	Asian Trade Promotion Forum has its own online platform with business matching features where the links to online matching and company search on ATPF Organizations' websites are featured. ATPF has 24 member economies: Australia; Bangladesh; Brunei; Cambodia; China; Chinese Taipei (Taiwan Trade); Hong Kong, China; India; Indonesia; Japan; Korea; Laos; Macao; Malaysia; Mongolia; Myanmar; Nepal; New Zealand; Pakistan; Philippines; Singapore; Sri Lanka; Thailand; and Viet Nam.
Australia-Japan Business Matching http://www.ajbusinessmatching.com	The Australia-Japan Business Matching (AJBM) website aims to facilitate business and trade between Australia and Japan, providing a bilingual portal through which individuals and companies can identify targeted and mutually beneficial opportunities. This site was established in 2014 by the Queensland Japan Chamber of Commerce and Industry (QJCCI) with the support of the Australia-Japan Foundation. Both organizations are focused on broadening and strengthening the friendly relationship between Australia and Japan.
East Asia Business Exchange (EABEX) http://www.eabex.org	East Asia Business Exchange (EABEX) is an online platform for sourcing and business collaboration with verifiable members of trade associations in East Asia. This is an initiative of the East Asia Business Council, with

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	support from the ASEAN Secretariat, which allows for seamless connectivity between members of the regional trade associations to connect with each other, trade and collaborate online more securely. It serves as the first ever multi-community platform for businesses to access verifiable business communities in ASEAN Plus 3 (Korea, China, Japan).
Pan Asia Exchange http://panasiaexchange.net/	Pan Asia Exchange (PAE) is a versatile B2B platform that provides access to thousands of buyers and sellers to showcase their products across Hong Kong, China; Chinese Taipei; Singapore; Malaysia; Philippine; China; and Macao easily. It is an initiative of the Pan Asia E-Commerce Alliance (PAA), an alliance formed by 11 service providers authorized by Customs and other trade regulatory agencies in their respective economies, providing secure, trusted, reliable value-added IT infrastructure and services to facilitate trade globally. Its unique value propositions include trusted neutral marketplace for B2B sourcing of reliable Asian suppliers; ability to verify suppliers and their trade transactions; knowledge of Customs procedures and trade processes; and collaboration with other trade, logistics and financial service providers.

CONCLUSION

Studies portray the immense potential that online platforms offer to SMEs especially in reaching a wider market and in enhancing collaboration among enterprises and governments in the APEC region. E-commerce platforms and online marketplaces shatter traditional barriers that enterprises had to hurdle in starting a business. These portals offer innovative approaches and tools in accessing markets, putting up store fronts, collecting payments, and shipping products.

Some APEC economies have shown in their local data the strong connection between use of ICT and business growth activities. These should be conveyed to business owners especially to micro, small and medium enterprises.

Micro, small and medium enterprises need to be capacitated to embrace and engage in e-commerce. In this line, e-business academy offering training programs focused on e-commerce, digital marketing and cross-border trading opportunities, regulations and requirements may be advanced.

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Connectivity is a critical consideration, as well. Economies should look into their internet access, speed and bandwidth, as well as the laws and regulations governing e-commerce.

Developed e-commerce economies are founded on extensive and reliable ICT infrastructure, low cost internet access, business friendly regulations and legislations, e-commerce intermediaries like e-commerce platforms, payment providers, digital marketing companies, and logistics service providers.

The potentials of e-commerce may be maximized if information about these are consolidated and made available to stakeholders in the region.

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**SME 05 2015A: APEC SME BUSINESS MATCHING AND INTERNSHIP CONSORTIUM FOR
GLOBAL VALUE CHAIN INTEGRATION**



**Asia-Pacific
Economic Cooperation**

SME 05 2014A

**APEC SME Business Matching and Internship Consortium
for Global Value Chain Integration**

Survey and Focus Group Discussion Report

University of the Philippines Institute for Small-Scale Industries
E. Virata Hall, E. Jacinto St., UP Campus, Diliman
Quezon City, Philippines
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**APEC Project: SME 05 2014A - APEC SME Business Matching and
Internship Consortium for Global Value Chain Integration**

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1 INTRODUCTION

Opportunities abound for small and medium enterprises (SMEs) integration into global value chains (GVCs) as large global corporations extensively outsource intermediate inputs to production. SMEs, however, are having difficulty in assimilating into GVCs considering their need for capacity building, market expansion, and global production network linkage, among others.

In line with the **SME Business Matching Internship Consortium for Global Value Chain Integration** project, and to serve as guide in developing the agenda of the APEC Atlanta workshop, this report has been prepared to summarize the results of the survey and focus group discussion workshop sessions held on 7 April 2015 and on 29 April 2015 at the University of the Philippines Institute for Small-Scale Industries, E. Virata Hall, E. Jacinto St., UP Campus, Diliman, Quezon City, Philippines.

The April 29, 2015 event brought together fifty-five (55) participants composed of SMEs, key industry players, training and academic institutions, and government agencies who were able to identify issues that are critical to SMEs' participation in the global supply chain with focus on the following sectors: agriculture, food, electronics, and automobile.

Meanwhile, the April 7, 2015 event was a separate survey/focus group discussion workshop for the handicrafts sector where forty seven (47) participants were in attendance.

These events aimed to discuss the following concerns of SMEs: promoting entrepreneurship, establishing supply chains, support service of international banks, establishing incubator/internship, shared service facilities, improving access to market, improving access to finance, ensuring business continuity and empowering SMEs to expand, identifying and addressing non-tariff measure (NTM) issues, and developing networks of universities/establishing curriculum.



2 OPENING REMARKS

UP ISSI director Prof. Nestor O. Rañeses said that while Philippine industries need to brace for the ASEAN Integration, which is “already here”, the economies around the Asia-Pacific region must also prepare for the Asia-Pacific Economic Cooperation (APEC), a forum for 21 Pacific Rim member economies which include developed economies like the United States, Japan and Korea.



He explained that the purpose of the one-day event was to have a conversation with the sectors present. He stated that there is always a partnership of government, industry and academe. He added that it is all about synergy and teamwork, saying that there is a TEAM, which stands for **T**ogether **E**veryone **A**chieves **M**ore. He cited the adoption of the new K to 12 educational system in Philippine education as an example of the economy’s preparation for the ASEAN Integration. This, he says, has 3 Es. The first is being prepared for higher education, the second is that graduates of K to 12 may opt for employment, and third is entrepreneurship.

“We are here to determine the role of SMEs in the global value chain,” he said. “The current model in APEC is the supply chain operations reference model (SCORM), where SMEs play the role of subcontractors and processors in the supply chain.”

He then went on to define GVCs, which was introduced by a Harvard professor named Porter. He said that an enterprise is composed of connected processes starting with the supplier, then with inbound logistics, production, delivery to customers and customer service. There are value-added processes from start to finish. It is about starting with the customer and ending with the customer.

He expressed hope that the model will be changed such that the micro enterprises will graduate to small, small to medium, and medium to large.

3 PROJECT OVERVIEW



Ms. Nova Z. Navo, UP ISSI's head of research, gave an overview of the study being conducted by the Institute in partnership with the Department of Trade and Industry (DTI) Bureau of Small and Medium Enterprise Development. She said that the study, which looks into how SMEs can be integrated into the GVC, started in March and would end in November 2015.

The project aims to “jumpstart information exchange, identify the knowledge and capability gaps as well as create business matching and internship consortium for the GVC integration of SMEs.” The project, she added, will be done via “surveys, workshops, establishment of a consortium and an online platform.” The consortium, she mentioned, is about collaboration and not really competing with each other. The covered sectors are agriculture, food processing, handicrafts, electronics and automobiles.

Ms. Navo posed the question of how small enterprises can benefit from the GVC integration. She mentioned that trade in intermediate goods amounts to US\$20 trillion. In the hosting of the Philippines for this year's APEC, it is doing identification of NTMs. The other project is APEC SME Business Matching and Internship Consortium for GVC Integration. This project was inspired by the ASEAN internship project, which was also done by UP ISSI. The APEC GVC project is leveling up. It focuses on market access, about helping SMEs gain market access. There are four co-sponsoring APEC communities, namely, Papua New Guinea, Russia, the United States and Viet Nam.

SESSION 1

What it takes to be part of the Global Value Chain



Atty. Dulce Blanca T. Punzalan, president and chief operating officer of Filbamboo Exponents, Inc. was the first to present in the session.

She also holds a concurrent position as director for Quezon City and Parañaque in sister company Human Nature, a six-year-old “pro-Philippines, pro-poor and pro-environment” social enterprise engaged in the “direct selling and franchising” of home care, personal care and beauty products. As

president and COO of Filbamboo Exponents overseeing product development of bamboo-made products, she cited the use of engineered bamboo in the development of common electronic and fashionable products such universal serial buses (USBs), sunglasses and clothes.

Meanwhile, Racky D. Doctor, owner and general manager of pharmaceutical firm Long Live Pharma, shared their experience in developing Hyposol, a simple water treatment solution endorsed by the Department of Health and the World Health Organization for disinfecting raw or contaminated water to make it safe for drinking. To join the international market, he said, they joined international organizations, learned the basic procedure in exporting, and opened outlets abroad for direct selling and franchising.



For those who would like to join the GVC, he has three points to share: “Accept the global reality (i.e., make your product globally acceptable, too), work for continuous growth, and learn to handle sustainability measures,” he said.

The next presenter was Engr. Roberto B. Cruz, deputy general manager of MD Juan Enterprises, Inc. He said that the automobile industry is the Philippines’ chance for integration into the GVC.

He explained that the industry is composed of the original equipment manufacturer (OEM) market and the aftermarket. The latter is the secondary market of the automotive industry which is concerned with the manufacturing, remanufacturing, distribution, retailing, and installation of all vehicle parts, chemicals, equipment, and accessories after the sale of the automobile by the OEM to the consumer.

Engr. Cruz found an opportunity for the Philippines through the aftermarket. “We are now competitive with China in terms of quality, cost, delivery and management,” he said. “The Philippine auto parts makers should go into the aftermarket because we have a good technical knowhow, we are familiar with the market, we know what products the market demands and we speak [good] English.”



Vilma S. Cembrano, a trustee of the Philippine Metrology, Standards, Testing, and Quality, Inc. (PhilMSTQ), said that there is a market for setting up laboratories locally since “we can’t test here, we have to bring [the samples] outside of the Philippines.”



Ms. Cembrano addressed in her talk the necessity of standards in the competitiveness of the SMEs. She asked the audience if they find the market a threat or a treat. She then related her question to the film *How to Train Your Dragon* in which she depicted the market as the dragon. She added that, “*Life gives us opportunities for growth disguised as challenging circumstances.*” And just like in the film, she pointed out that it is possible to find the market as a treat despite the threats if only SMEs know how to venture in

it, and this is where standards come in.

She then proceeded in defining standards and regulations, and clarifying some issues that revolve around the two concepts. She reiterated that entrepreneurs should exceed the standards and regulations and that they should be the ones setting their own standards. She also recognized that the Filipino entrepreneurs can deliver quality products. However, our products become less competitive in terms of prices considering that certification and testing adds costs to the entrepreneurs.

She said, while also emphasizing the need for standards, “In the international language a standard is the government regulation or just the minimum requirement. Then you go beyond and you set your own standards to compete with other industries and satisfy the needs of your customers.”

After setting the standards, she added, the product is sent to the lab, which will provide the certification on whether it passed the requirements.

Ms. Cembrano noted PhilMSTQ’s efforts towards building the National Quality Infrastructure (NQI), which is “an integrated network of facilities, systems, organizations

and people.” NQI aims to promote, ensure, develop and enhance quality management across industries.

Given the capability of Filipino entrepreneurs in delivering quality products and the need for complying and surpassing standards, Ms. Cembrano said that we need to adapt to be able to compete. She stressed the need for bright ideas and the encouragement to put forward all ideas, even those coming from the lowest ranks of the company. According to Ms. Cembrano, it can be done through a responsive quality infrastructure. Standards, she added, is about giving the consumers what they want in the best deal and quality they can provide. She ended her talk leaving the idea that standards is all about growth and that stagnation will lead not only to incompetence but to higher expenses as well, and that standards should continue to evolve through standards review, research and development, testing and acceptance, and crafting new standards once again.

SESSION 2

Growing an Excellent Global Supply Chain

The session comprised of speakers representing large enterprises and financial institutions to draw the picture of the supply chain in the larger scale and of the financial opportunities that can help SMEs to be equipped in their GVC integration.

It was stated early in the session that the canning industry is no business for small players. However, SMEs can still play their part in the supply chain in the meat processing industry. Various issues were raised regarding the canning industry, more so in the meat processing industry. Questions relating to hygiene, high cost and insufficient volume of meat in the domestic market leading to importation, and other standard related issues were emphasized as lead factors in why domestic raisers are not preferred by large meat processing companies for their meat supply. Clearly, there are still a lot of issues that should be addressed for SMEs to be integrated in the supply chain of processed meat products. Despite the challenges, it was clarified that there can still be opportunities for SMEs in the food processing and agriculture industry to be suppliers to larger enterprises involved in meat processing.

On the other hand, speakers representing financial institutions presented the products, services and programs available for SMEs’ benefits. Recognizing the need for access to finance, the financial institutions have been crafting programs hand-in-hand with other government agencies and private institutions.

The session has substantiated the statement of the speakers from the previous session that threats in the market can be appreciated as opportunities. Threats can actually become treats and this can be achieved through compliance and surpassing existing standards which is one of the primary issues identified by the representative of Tuna Canners Association of the Philippines (TCAP) and the Philippine Association of Meat Processors, Inc. (PAMPI). This endeavor of transforming threats to treats places financial

institutions in a very suitable position to assist SMEs through their programs in start-up ventures and in upgrading their system and standards to meet the necessary requirements for their integration in a larger supply chain. Particular to the industry sectors involved, the Department of Agriculture also has a critical role in jumpstarting the capability in a partnership endeavor between livestock partners and export processors which can help all involved to be globally significant.



After an open forum with the various stakeholders present, Francisco J. Buencamino, Jr., executive director of the TCAP and PAMPI, was called to talk about how large enterprises such as his can help SMEs integrate into the GVC. In the sea of SMEs, Mr. Buencamino provided everyone in the consultation to have a glimpse of what it is like to be a in large enterprise. As the executive director, he reported the huge volume capacity of both industries. Mr. Buencamino mentioned that the main source

of their meat was acquired through importation and, inevitably, he raised the reasons why industries opt to import meat for their products which causes the constant conflict between raisers and producers.

According to Mr. Buencamino, locally produced meat cannot meet the volume required by the industry. Also, price in market is at retail level. They can cut costs if they buy a whole lot more of imported meat. Moreover, refrigeration requirement cannot be met and technical specifications are not available. Apart from these, there a lot of specifications to consider in packaging, shelf life, storage, shipping, handling, and the need to access lab facilities. Although currently the lack or absence of these factors hinders the processors in acquiring meats from domestic suppliers, Mr. Buencamino noted that specifications identified can be achieved if they intended to deliver.



Mr. Buencamino shared the issues and challenges faced by tuna canners and meat processors, who according to him are having difficulties with “food safety measures that are stopping [them from importing],” he said.

While the raw materials can be sourced locally, the quality required by exporters is lacking. “Volumes are required but can compromise local supply,” he said. “Price in the market is at retail level and refrigeration

requirement cannot be met.”

Nonetheless, Mr. Buencamino saw a glimmer of hope from the Philippine tuna industry’s possible inclusion in the European Union’s generalized system of preferences plus

(GSP+). The Philippines' inclusion in the list of GSP+ nations will mean the lifting of the tariffs on hundreds of export products from the economy, including canned tuna.

To equip the SMEs with knowledge in financial opportunities as they integrate into the GVC, Mr. Rodriguez, senior vice-president of the Philippine Export-Import Credit Agency (PhilExim), shared their experience in providing assistance for SMEs. As an agency attached to the Department of Finance, PhilExim is a sovereign guarantor, extending credit insurance and related services to business entities committed to contribute to national development.

PhilExim provides guarantee to SMEs, which is considered as additional collateral when borrowing from a bank. Mr. Gutierrez stressed that it is only guarantee that they can provide, not a surety where they will become a co-borrower. They also provide customized assistance, capacity building support, market assistance and exporter's buyer verification (for a fee), technical assistance, and counter guarantees.

To increase lending to responsible SMEs as well as to develop export trade and channel credit to the supply side of the economy, PhilExim provides products available to SMEs such as the Guarantee Program in which they guarantee or loan to direct and indirect exporters and to firms involved in priority projects of the government. Mr. Gutierrez noted that they do not want to compete with banks, thus, they have set higher rates.

The last part of Mr. Gutierrez's talk was about the beneficiaries of the programs of the PhilExim. He cited firms helped by the agency such as those in food processing, animation (which according to him is yet to be served by banks), tourism and renewable energy. With so many successful SMEs assisted by the PhilExim, it is hoped that more SMEs can avail their products and by so doing elevate their success into the global supply chain.

Meanwhile, Mr. Abel E. Madarang, head of the SME Lending Department of the Landbank of the Philippines (LBP), talked about LBP's banking assistance initiatives to SMEs. With their eagerness to further reach and serve the SMEs, especially those in the rural areas, Mr. Madarang said that currently they have thirty-eight (38) lending centers in the areas where financing is needed and portfolio loans worth Php50 billion for SMEs. They have several programs catering to various beneficiaries, such as OFW Reintegration Program, Landbank-CARES (Landbank Calamity Rehabilitation Support) Program, H2OPE (water program for everyone), Brightness (bringing inclusive growth in every household through National Electrification Support Services), and REWARD.



He said that the thrust in SME lending is to “develop products that address the requirements of SMEs, network with industry associations to determine product and service requirements of these enterprises, establish linkages with government and private sector initiatives, and tap external

fund sources to provide credit to SMEs at concessional terms.”

Mr. Madarang ended his talk sharing the good news that the LBP is given the task to lend Php2.5 billion pesos to SMEs.

During the open forum, there was a heated argument on the issue of mechanically deboned meat (MDM) with respect to the reasons of the industry for importing such and the question of cleanliness of the MDMs. Mr. Buencamino willingly answered all the questions raised and assured the cleanliness of the products sold under the mark of PAMPI.

Questions pertaining to the availability of products and services from the PhilExim and Landbank and the basis of eligible borrowers were the main features of the questions raised in the session. One participant asked about financing schemes that can be extended to the customers or interested buyers of the e-tricycle. PhilExim and Landbank both advised the participant that it will be better to have a cooperative or an organization, or an entrepreneur can apply for the services as long as s/he has complete documents. Mr. Madarang added that, as long as the business is viable, everything can be financed.

Another participant asked for the progress report for the CACAO 100 program of the Landbank. Since the person in-charge in the said program is not present at the event, Mr. Madarang promised that he will try to relay the concern to the person handling the program. One of the concerns forwarded was the very lengthy period for evaluation of applications. The representatives clarified why it sometimes took months to grant an application. They reminded the entrepreneurs to submit complete necessary documents.

SESSION 3

Igniting Innovation through Incubation

The afternoon session opened with a discussion on igniting innovation through incubation.

As an example of a product developed from an academe-based incubation program, Dr. Ines Alcantara-de Guzman, head of the Home Economics Education Department of the UP College of Home Economics, introduced her PhD students Arlene Manalang and Fladiza B. Castillo who are working on a product born out of innovation in an academic setting.



The speakers shared the outputs of their recent research showcasing the functionality of the bamboo and the integration of crafting products out of raw and indigenous materials to the basic education under the K to 12 curriculum.



Bamboo can be utilized to produce products that can be constructed by high school students or the youth in general to be an alternative source of income. The research also provided literature about bamboo, fabrication of materials like the bamboo, initial market acceptability of the products, and profitability of such products.

The audience was shown a bicycle stand made from bamboo.



Ms. Manalang said that the product will be taught to children in grades 8 and 9 as a school project for their Technology and Livelihood Education (TLE) class. Their research is aimed to design a handicrafts curriculum featuring the bamboo bike stand, create a bamboo bike stand using low-cost materials, and determine the appropriate type of bamboo for the bike stand. They targeted cyclists as the primary market, seeing that mountain bikes and even the

bambikes are a bit expensive, and recognizing the demand for eco-friendly products. They found out that *bayong* is the best variety of bamboo for the bamboo bike stand. According to them, the curriculum for the bamboo bike stand can be taught to grades 8 and 9 under the K to 12 curriculum.

Meanwhile, Ms. Castillo showed a prototype of handcrafted footwear using bamboo stem and called for the creation of a “handicraft curriculum” for grade 11 on integrating bamboo into *bakya*, an indigenously made wooden clog.

Their research aimed to develop a prototype handicraft product utilizing renewable, traditional resources such as bamboo stem, exhibit the beauty and functionality of bamboo products, create handicraft curriculum for grade 11 integrating bamboo *bakya* making, and to further support programs on product development.

In their findings, *bayong* was identified as the best variety of bamboo for the bamboo *bakya*. The team sought help from shoemakers in Marikina. However, lack of funds restricted the implementation of some parts of their research. For instance, there were only 15 respondents to their survey to estimate the product acceptability and they were able to produce only one pair of product prototype. Results showed that evaluation rating is highly acceptable and that bamboo stem can be a possible alternative in making *bakya*. Recommendations include making the product lighter in terms of weight so it could compete with other wooden clogs and introducing the product in schools as part of the TLE curriculum.

This way, the integration of the research output in the curriculum can help inculcate a maker and design-thinking culture and nurture an entrepreneurial perspective to students and the youth.

In this session, it is important to acknowledge the indispensable role of education in molding the next generation. To be serious in uplifting the local enterprises is to be serious in educating the people even in the early levels. The academe is clearly a potent instrument of development and innovation when properly coordinated and sufficiently funded. This way, inclusive growth not only comes from the value added to the economic performance of the industries but also in the development of future leaders and entrepreneurs of the nation.

During the open forum for the session, Atty. Punzalan, who has proudly showcased products made of bamboo earlier in her session, happily recognized that the bamboo bike stand can be partnered with the bambike. Bamboo is also used in fashion. With this in mind, Atty. Punzalan welcomed the idea of a potential collaboration of BamBakya with Filbamboo, which plans to tie-up with fashion designers in the Philippines.

Ms. Cecilia dela Paz asked if the presentors have other incubation related to food. As a participant representing the Philippine Food Chamber, she was interested in knowing if ever they can help in financing the launch of a product. Ms. Manalang offered to help them in establishing linkages with the Pangasinan State University, Aklan State University and other schools which have programs that have continuous innovations related to food. Dr. Alcantara-de Guzman talked about the food service department and the food technology department in which new recipes and products are introduced and are all supported by research.

SESSION 4

Establishing an SME Consortium and Online Business Matching Platform

This session focused on how the attendees from the different sectors could help establish an SME consortium and online business matching platform to integrate small firms into the GVC.

Francis Norman O. Lopez, deputy chair of the Pan Asian e-Commerce Alliance, discussed electronic commerce (e-commerce) and its modes. He also discussed the information technology infrastructure needed for developing an e-commerce environment such



as data communication, access to the Internet (which includes reliability and speed), power, and equipment.

Mr. Lopez noted that while the Philippines already has an e-commerce law in place, and digital certificates and signatures are becoming a practice, much work is yet to be done as far as data security and privacy are concerned.

Meanwhile, talking about the various programs and projects being implemented by her agency to spur SME integration into the GVC, Sonia L. Rodriguez, chief of the Export Assistance and Business Matching Division of the DTI Export Marketing Bureau, said that her agency promotes “calibrated liberalization” or the prioritization of certain types of flows and particular classes of economic agents in liberalization.



DTI also supports industries through public-private partnerships and it has a special focus on SMEs with the implementation of projects such as the shared service facilities, the SME Roving Academy (SMERA), and the Regional Integrated Platform for Philippines Exporters (RIPPLES).

The highlight of the program was the workshop and sectoral consultation on building the SME consortium and online business matching platform moderated by

UP ISSI consultant Crispina B. Almonte, project development officer Rolando Ramon C. Diaz, and Engr. Leoncio T. Cubillas, Jr., head of the Business Enterprise Development Division.

4 SURVEY AND FOCUS GROUP DISCUSSION RESULTS

This section shows the summarized results of the survey and focus group discussions per sector: agriculture, electronics, automobile, and handicrafts.

Each group was asked to answer a set of guide questions regarding issues about GVC, discuss it among themselves, and share the results of their discussion. This section shows the summary of results of each workshop group.

Group 1: Agriculture

The first group focused on the topic on establishing incubator or internship and shared service facilities (SSFs).

The participants agreed that complying with standards like Good Agricultural Practices (GAP) and ISO, acquiring certification, and traceability in the supply chain are the key factors for SMEs to be competitive in the GVC. In this regard, they are hoping that the government will provide support by implementing programs to

subsidize certifications and have these programs communicated appropriately to SMEs.

The participants also discussed the relevance of having incubator and SSFs established by the government. They said that SSFs are essential to SMEs because they cannot afford to buy their own facilities at the start of the business due to limited capital investments. Meanwhile, incubation centers help SMEs get to know the road to global market and gain experience in planning and decision-making. However, they also mentioned issues regarding SSFs, including:



- Accessibility: SSFs are not located near raw material sources,
- Inappropriate equipment vis-à-vis the needs of the enterprises, and
- Lack of training on how to use and maintain equipment provided.

Group 2: Electronics and Automobile

The group mainly talked about the issues and concerns encountered by electronics and automobile sectors in GVC integration.



Participants for both sectors identified the following issues in GVC integration:

- Very low production volume
- Unavailability of local parts in the Philippines
- No automotive/electronics industry road map yet
- No retail financing for electric vehicles
- No fiscal and non-fiscal incentives
- High taxes imposed even in other ASEAN economies
- Too many requirements for exporting (you have to go through so many agencies)
- Port congestion
- High cost of labor in the Philippines compared to other economies
- Manpower (more technicians going abroad)
- Very long registration process for IP applications

Group 3: Food Processing

The food processing group discussed the concerns of the industry in terms of:

1. National Quality Infrastructure
 - Traceability
 - Availability of testing lab
 - Food safety training
 - Certifications/accreditations
 - Understanding the “definitions” of standards
2. Training and Capability Building
 - Training
 - Promoting entrepreneurship: issues and difficulties
 - Ability to write feasibility study
 - International food standards
 - Sustainability of quality products and raw materials
3. Market
 - Improving access to market
 - Services for developed products
 - International market demand
 - Limited customers
4. RD Support
 - Funding and programs on technological innovation
 - Information on ingredients and on packaging
 - Support on product development
 - Developing more industry clusters
 - Challenges on exports and imports
5. Government Support
 - Incubator/internship on shared facilities
 - Government regulations
 - Zoning
 - Costly testing/analysis
 - Trade barriers
6. Online Platform
 - Maintenance cost
 - Government initiative (subsidized online platform)
 - Government partnering with the private sector
 - Sustainability of the online platform
 - Verifications – entire transactions



7. Finance

- Finance on researchable food products and its marketability
- Financial statements are not reflective of the “true” state of the business
- No clear business plan (everything is in the owner’s head)
- Business coaching/financial literacy programs for MSMEs/entrepreneurs, e.g., simple business plans, bookkeeping, etc.

Group 4: Handicrafts

The participants highlighted the creativity and the quality of craftsmanship of the workers as the main selling points of their products, coupled with linkages with industry associations and government agencies. Major weaknesses include the lack of ample and sufficient production space and equipment and insufficient financial capability to do upgrades and other financing requirements, such as participation in trade fairs and exhibits. Other weaknesses are limited promotional tools and a dearth of reliable trucking and delivery services that have caused delays in logistics.

Meanwhile, external factors that threaten the industry are the high financing interest rates, cumbersome documentary requirements of financial institutions, and issues in logistics such as port congestion and traffic. One major threat is the lack of information dissemination of government programs. However, once these programs are properly communicated, these government-assisted projects may provide opportunities for enterprises to grow.

Workshop participants also saw that consumption trends will affect the industry. The increasing popularity of environment-friendly or green products and products made from natural materials may play a vital role in consumption patterns. In addition, the lifestyle of living in small spaces, such as condominiums, may spur demand for space-saving and multi-functional items. They also noted the changing demographics that are adept in online transactions and purchases.

Participants also noted the following dreams and aspirations that they have for the sector:

- Better awareness of government programs and assistance
- More contribution in exports
- Upgraded program on skills, productivity and quality awareness
- Interconnection with tourism and education sectors
- Enactment of laws to support industry growth

Regarding issues pertaining to the integration of SMEs into the GVC, the participants noted skills and technical competencies as required capabilities for GVC integration. SMEs also need support such as assistance in trade show and trade mission participation in order to improve market access. In the domestic front, partnerships with local government units can be done with the provision of retail spaces and promotion of the One Town One Product (OTOP) program. Participants agreed that anticipating the consumers’ needs will contribute to business continuity. Tapping training entrepreneurs in preparing business continuity plans is also deemed helpful.

In conclusion, the two survey/focus group discussion workshops provided a platform for government agencies and industry associations to discuss the current state of the industry and the government programs and policies aimed at developing enterprises in these sectors. These activities served as a venue for stakeholders to identify the strengths weaknesses, threats, opportunities, and trends facing the industry sectors concerned.

Annex 1: SURVEY AND FGD GUIDE QUESTIONS

A. PROMOTING ENTREPRENEURSHIP

1. What are the ways used to promote entrepreneurship (trainings, seminars, etc.)?
2. List the government and non-government agencies, and private institutions keen on promoting entrepreneurship.
3. How does the local community encourage youth/people to be entrepreneurs (e.g., is entrepreneurship embedded in the basic education curriculum – TLE?)?
4. Are there government incentives for those who would like to establish a business? What are these government incentives?
5. Ease of establishing a business: which step/aspect in entering/establishing a business is most tedious?
6. What are the existing programs/policies that aid people in starting their own business?
7. What are the issues faced by start-up entrepreneurs in terms of business operations?

B. ESTABLISHING SUPPLY CHAINS

1. What are the efforts being done to build capacity on supply chain management (i.e., know how integrated the economies are, and identify gaps)?
2. What training institutions and/or schools offer programs for supply chain management?
3. What are the courses and trainings available for supply chain management?
4. What are the modes of distribution usually used by SMEs in order to deliver their goods to their target market/s?
5. How did they expand? How did they build networks? Which organization/institution helped them?
6. What are the factors considered in establishing a supply chain?
7. What are the minimum competencies to establish or be part of a supply chain?
8. What are the difficulties encountered by SMEs in establishing their supply chain?
9. What are the incentives provided for SMEs to encourage them to collaborate with APEC economies for supply chain management?

C. SUPPORT SERVICE OF INTERNATIONAL BANKS

1. Which international banks provide support services?
2. What kind of support/services can SMEs avail from international banks?
3. What are the minimum requirements (qualification criteria) to avail of support service from international banks? Do they get support services from [international] banks?
4. What are the issues encountered by SMEs in complying with the requirements to get support services from international banks?
5. How often do SMEs avail of support services from international banks?
6. What do SMEs do when support services are not available to them?

D. ESTABLISHING INCUBATOR/INTERNSHIP, AND SHARED SERVICE FACILITIES

1. What are the modes of engagement available for establishing incubator/internship/shared service facilities (e.g., internship, study visits, joint ventures, etc.)?
2. What are the existing business matching models and institutional support provided for SMEs per sector? Which agencies provide these support?
3. What are the most common difficulty of new/developing enterprises (specific to each sector)?
4. What do business incubators provide to new/developing enterprises?
5. How many business incubators are established per sector?
6. How do business incubators ensure its success?

7. Who manages the incubator?
8. Who can enter the incubator? What are the minimum requirements for incubator/internship/shared service facilities?
9. What happens to enterprises that do not attain stability within the incubation period?

E. IMPROVING ACCESS TO MARKET

1. What is the largest market of your enterprise today?
2. What are the common difficulty in market opportunities and accessibility?
3. What has changed in market accessibility over the years? What are the improvements?
4. What are the prevailing issues and difficulties?
5. Have you been part of a program that aims to improve market accessibility? Identify the programs and evaluate its success. What are you suggestions to further improve the program? What programs/policy has been most relevant to you? Other suggestions (new programs/policies for improving market accessibility).

F. IMPROVING ACCESS TO FINANCE

1. What financial services are made available to SMEs per sector? Which agencies provide these services?
2. What are the minimum requirements to avail of these financial services?
3. What are the main reasons in being denied access to finance?
4. What is the duration of the loan application process? How long does it take to process loan application?
5. How would SMEs rate the ease of obtaining loans from financial institutions?
6. What are the improvements in loan acquisition?
7. What are the difficulties in acquiring loans?

G. ENSURING BUSINESS CONTINUITY AND EMPOWERING SMES TO EXPAND

1. What services and/or programs (government, non-government, private) are available, which are geared towards business continuity and expansion? Which agencies provide such services?
2. How do SMEs ensure growth of their business?
3. Are there business continuity plans in place for SMEs? What constitutes these business continuity plans for SMEs?
4. What other services/programs/policies can help in ensuring business continuity and expansion?

H. IDENTIFYING AND ADDRESSING NTM ISSUES

1. What are the minimum NTM requirements per sector and per economy?
2. Which economies/regions impose the strictest NTMs?
3. How do NTMs affect businesses?
4. How do local businesses respond to the NTMs laid down by other economies?
5. How does the government mitigate the situation? What are the programs/policies for business enterprises per sector that were created to cope with NTMs?
6. What can be done so enterprises can comply with NTMs?

I. DEVELOPING NETWORKS OF UNIVERSITIES/ESTABLISHING CURRICULUM

1. Is there an existing network of universities engaged in GVC?
2. How can GVC be part of the academe (e.g., establish curriculum/program courses, etc.)?

Annex 2: List of Participants

- Survey/FGD Workshop on April 29, 2015

Name	Position/Company
1. Norman H. Adriano	Secretary General, Supply Chain Management Association of the Philippines
2. Luna Gracia P. Ahmad	Senior Investments Specialist, DTI Board of Investments
3. Eduardo S. Angeles	Vice President, Philippine Export-Import Credit Agency
4. Edmund A. Araga	V.P Internal, Motor Vehicle Parts Manufacturers Association of the Philippines
5. Roxanne B. Arcilla	Technical Specialist, Wise Eats Foods
6. Lorelle A. Baracol	OIC, Business Development Section-Technological Services Division, DOST Industrial Technology Development Institute
7. Cristopher C. Bauzon	Science Research Assistant, DOST Industrial Technology Development Institute
8. Jose Maria P. Cardenas	Senior Sales Manager, AAI Worldwide Logistics
9. Marfe L. Cardeño	Researcher/IT Support, Center for Small Entrepreneurs
10. Arturo M. Carino	Production Supervisor, Mandaluyong Packaging Industries, Inc.
11. Ric C. Casido	Plant Manager, Swan Aluminum & Allied Products Inc.
12. Fladiza B. Castillo	PhD Student, College of Home Economics, University of the Philippines
13. Carolyn C. Castro	Chief, Market Development Division, Agribusiness and Marketing Assistant Service, Department of Agriculture
14. Tricia F. Castrodes	COO, ARETEI Food Corporation
15. Maria Laarni P. Cerna	Agriculturist, Bureau of Animal Industry
16. Roland Andrew T. Cruz	Deputy General Manager, MD Juan Enterprises, Inc
17. Patricia Anne D. Dantes	Account Manager, Federal Express (FedEx)
18. Edward F. David	President, Cocoa Foundation of the Philippines (CFP)
19. Ian Jester M. de Vera	University Extension Specialist, UP Institute for Small-scale Industries
20. Lubin R. De Vera, Jr.	Senior Investments Specialist, DTI Board of Investments
21. Lloyd Diaz	Staff, Federal Express (FedEx)
22. Helen Del Rosario	President, Phil. Calamansi Association Inc.
23. Ma. Lourdes C. Dela Cruz	Marketing Director, Crea8 Innov8 Marketing
24. Ma. Cecila Dela Paz	Chair MSME, Philippine Chamber of Food Manufacturers, Inc.
25. Divine C. Doctor	Finance Officer, Nutridense Food Manufacturing Corp.
26. Karen O. Espiritu	Head Secretariat, Association of Vehicle Importers & Distributors
27. Concepcion Pura F. Florentin	Executive Assistant, Filbamboo Exponents, Inc.

28. Richard A. Francisco	General Manager – VAS, Cosmic Technologies Inc. / Cherry Mobile
29. Crisanto S. Frianeza	Secretary General, Philippine Chamber of Commerce and Industry
30. Julita Leah M. Garcia	Vice President, Philippine Export-Import Credit Agency
31. Jaime S. Guanzon, Jr.	University Extension Specialist, UP Institute for Small-scale Industries

Name	Position/Company
32. Celso R. Gutierrez	Senior Executive Vice President, Philippine Export-Import Credit Agency
33. Gamaliel F. Itao	President, Mechatronics Technologies Corporation
34. Mark R. Limon	PhD Student, College of Home Economics, University of the Philippines
35. Grachie Q. Madridano	Consultant, Carl Balita Livelihood & Culinary Training Center
36. Arlene D. Manalang	PhD Student, College of Home Economics, University of the Philippines
37. Lenie Marquez	HR Head, People Concepts and Ideas Phils. Corp.
38. Grace T. Mirasol	Export Development Council
39. Benjamin V. Morales	Industrial Controls Corporation (ICC)
40. Melchor C. Morandarte	Program Chair, BS Entrepreneurship ET Yuchengco College of Business, Malayan Colleges
41. John Jericho C. Obispo	Sales Coordinator, AAI Worldwide Logistics
42. Jocelyn C. Obsum	Vice President, AJ&J Cargo Movers, Inc.
43. Rei Jal C. Obsum	Manager, AJ&J Cargo Movers, Inc.
44. Flora S. Olazo	Marketing Manager, Swan Aluminum & Allied Products Inc.
45. Charlie Policarpio	Manufacturing Director, First Philippine Scales Inc.
46. Ma. Aurora P. Reganit	PhD Student, College of Home Economics, University of the Philippines
47. Emmanuel Reyes	Corporate Secretary/Trainer, Cocoa Foundation of the Philippines Inc. (COCOAPHIL)
48. Agnes M. Roxas	BOI Sectoral Champion for Gifts & Houseware & Holiday Décor, DTI Board of Investments
49. Sandy C. Saguin	Senior Business Development Manager, InterCommerce Network Services
50. Ma. Lyn B. Salvador	Proprietor, Wise Eats Foods
51. Elmer Santos	Marketing Head, People Concepts and Ideas Phils. Corp.
52. Elizar R. Toribio	Proprietor/Manager, Madzimoyo Enterprise
53. Rizza G. Valdez-de Vera	Faculty, Polytechnic University of the Philippines
54. Marie Joy C. Roldan	Assistant Professor 4, Aklan State University
55. Jaime C. Umali	Consultant - Special Projects, Mechatronics Technologies Corporation

- **Survey/FGD Workshop on April 7, 2015**

Name	Company
1. Aguirre, Sonia V.	Home Accents Group of the Philippines, Inc.
2. Antonio, Catherine R.	Bureau of Philippine Standards, Department of Trade and Industry
3. Aranas, Crystal M.	Lingkod Banahaw Multi-Purpose Cooperative
4. Asis, Eleazara F.	Sweet Style Beadworks
5. Batoon, Alex G.	Sa'tin Crafts
6. Bautista, Bobby B.	Philippine Chamber of Handicraft Industries
7. Bonoan, Fenina Monica M.	Export Marketing Bureau, Department of Trade and Industry
8. Calleja, Anabelle M.	Local Government of Gumaca, Quezon
9. Callejo, Mary Jane A.	Sampaloc Weavers Association, Local Government of Sampaloc, Quezon
10. Cawaling, Ning E.	Home Accents Group of the Philippines, Inc.
11. Chua, Lorna M.	Marlenadekor, Christmas Décor Producers and Exporters Association of the Philippines
12. Clarete, Ramon L.	University of the Philippines School of Economics
13. Cuevas, Loreli D.	Home Accents Group of the Philippines, Inc.
14. Dangilan, Armeena R.	Christmas Décor Producers and Exporters Association of the Philippines
15. Dayo, Lielani M.	Local Government of Sampaloc, Quezon
16. Dela Cruz, Cynthia C.	Bureau of Small and Medium Enterprise Development, Department of Trade and Industry
17. Dela Cruz, Lady Fatima H.	Center for International Trade Expositions and Missions, Department of Trade and Industry
18. Dilag, Rossenni A.	Board of Investments, Department of Trade and Industry
19. Eballe, Faustino N.	Christmas Décor Producers and Exporters Association of the Philippines
20. Fabregas, Eugenio R.	Christmas Décor Producers and Exporters Association of the Philippines
21. Gerpacio, Cesar German L.	Department of Trade and Industry Region 4A (CALABARZON)
22. Gimpayan, Allan Q.	Christmas Décor Producers and Exporters Association of the Philippines
23. Gonzalez, Pam P.	Home Accents Group of the Philippines, Inc.
24. Gopez, Estrella B.	TGWGGO Christmas Decors
25. Ledesma, Graciela	Department of Trade and Industry Region 4A

Maria C.	(CALABARZON)
26. Lorenzo, Bryan Julius R.	New Gumaca Woodcraft
27. Mada, Mary An R.	Department of Trade and Industry Region 4A (CALABARZON)
28. Manalo, Marina V.	Department of Trade and Industry Region 4A (CALABARZON)
29. Mangahas, Rolando G.	FNB Crafts, Bulacan GTH Association
30. Nicolas, Carole DC.	Home Accents Group of the Philippines, Inc.
31. Nucum, Jasper Keith C.	Board of Investments, Department of Trade and Industry
32. Omila, Anne Daisy T.	Bureau of Philippine Standards, Department of Trade and Industry
33. Paleracio, Leonor C.	Local Government of Sampaloc, Quezon
34. Ramos, Jose Jr.	Department of Trade and Industry Region 4A (CALABARZON)
35. Reynoso, Luis M.	Bureau of Workers with Special Concerns, Department of Labor and Employment
36. Rodriguez, Raul P.	Ateneo de Manila University
37. Rogel, Chndyli Tara G.	Bureau of Small and Medium Enterprise Development, Department of Trade and Industry
38. Romero, Digna R.	Department of Trade and Industry Region 3 (Central Luzon)
39. Roxas, Agnes M.	Board of Investments, Department of Trade and Industry
40. Sales, Ricardo Jr. B.	Mealint Trading, Christmas Décor Producers and Exporters Association of the Philippines
41. Sy, Jose Jr. L.	Home Accents Group of the Philippines, Inc.
42. Tan, Evelyn T.	Home Accents Group of the Philippines, Inc.
43. Teruel, Mark N.	Home Accents Group of the Philippines, Inc.
44. Vinculado, Mervin C.	Home Accents Group of the Philippines, Inc.
45. Yu, Florence A.	Greenflex International Corporation, Christmas Décor Producers and Exporters Association of the Philippines
46. Yu, Roanne Florence A.	Greenflex International Corporation, Christmas Décor Producers and Exporters Association of the Philippines
47. Valenzuela, Salvio L.	Chamber of Furniture Industries of the Philippines

Annex 3: Profile of Participants by Gender

Gender	No. of Participants
Female	56
Male	46
TOTAL	102

Annex 4: Participants' Evaluation of the Event

On a scale of 1 (least favorable) to 5 (most favorable), the participants rated the event implementation as follows:

Questions	Average Rating
1. Were the topics clearly presented?	4.1
2. Were the topics relevant to you?	4.1
3. Were the topics adequately discussed?	3.6
4. Was the event scheduled conveniently?	3.8
5. Was the venue accessible?	4.2
6. Was the food good?	3.3
7. Was the venue conducive for the event?	4.2
8. Were your needs and concerns handled efficiently?	3.8
9. How well did the lecturers satisfy inquiries from the participants?	4.4
10. What is your overall rating of the lecturers?	4.2

The project team reviewed the feedback forms answered by the participants and tallied their rating for each question. The rating scale used is 5 being the most favorable and 1 being the least. Thirty (30) participants out of fifty (50) and thirteen (13) speakers took time to evaluate the entire program since some of them left earlier than expected.

56.67% (17 out of 30) participants rated "4" on question number 1 (topics were clearly presented). Forty percent (40%, 12 out of 30) of participants gave a rating of 4 on relevance and 3 on whether the topics were adequately discussed during the consultation workshop. 46.67% (14 out of 30) gave a rating of 4, agreeing that the

event was scheduled conveniently, and 43.33% (13 out of 30) also gave a rating of 4 on the accessibility of the venue. Only 33.33% (10 out of 30) gave a rating of 4 on the food served. Based on their comments, they were not fully satisfied with the food that was served to them. Thirteen out of 30 agreed that the event's venue was conducive for learning and rated it 5. Forty percent (40%) of them gave the rating of 4 on their satisfaction with the lecturers or speakers' response to their inquiries. Fifty percent (50%) gave the entire event an overall rating of 4. 96.67% (29 out of 30) are willing to attend future focus group discussions regarding matters related to APEC GVC, and 93.33% found the event useful in their own organization.

Insights Gained by the Participants

- “As SMEs, it's a struggle to be integrated in the global value chain without the cooperation and interventions of government agencies to address industry issues on areas of R&D, finance, access, and marketing.”
- “Necessity to network or link up at all levels of value chain”
- “Philippines wants to become industrial economy but we are rich in land and sea, so why we focus in that?”
- “More time”
- “We can be competitive through collaborative work.”
- “Preparedness to globalization”
- “Broaden more knowledge, info”
- “The SME has still a lot to go in catching up with ASEAN Integration.”
- “Concerns on different industries”
- “Fresh views on Global Value Chain”
- “Be competitive”
- “Global value chain integration”
- “Commonality of issues and concerns”
- “Explore usefulness of consortium”
- “Going into business in the Philippines is very promising but the government makes it just a promise.”
- “Importance of global value chain”
- “Learned about different issues/concerns of different sectors”
- “SME needed support, concept of business incubators”
- “I was immersed on the problems SMEs are experiencing and how government can help.”
- “All the issues and possible services/companies that may help the company”
- “GVC and supply chain is a component of the other”
- “More relevant concerns addressed”

Usefulness of the Event to the Participants' Own Organization

- “I am nominated to participate in the APEC Summit in Georgia, USA and this forum helped me understand the whole picture of SMEs sector, their challenges and needs.
- “It will help us to identify challenges.”
- “Academic role is clearer in Global Value Chain Integration.”

- “Relevant to the thrust of the agency”
- “As a government agency, we gain information on the needs and supports that the industry needed for the government agency.”
- “To transfer knowledge to our participants”
- “Because it’s aimed at SME development”
- “Helpful for our members”
- “Be prepared for the ASEAN Integration.”
- “Because we were informed of the problems of the SMEs and based from the info, we can make ways to solve the problems (i.e., regulation or policy wise).”
- “This is where government can intervene or have interventions.”
- “We can address some problem of SME.”
- “EDC is promoting inclusion of SMES into GVCs.”

Annex 5: Photo Documentation









**Asia-Pacific
Economic Cooperation**

**SME 05 2014A
APEC SME Business Matching and Internship
Consortium for Global Value Chain Integration**

Workshop Report

**Atlanta, Georgia, USA
8 – 9 June 2015**

Global Supply Chain Event | Organized by



APEC Project: SME 05 2014A - APEC SME Business Matching and
Internship Consortium for Global Value Chain Integration

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Acronyms

APEC	Asia-Pacific Economic Cooperation
GVC	Global Value Chain
SME	Small and Medium Enterprise
MNC	Multi-national Corporations

1 EXECUTIVE SUMMARY

This report has been prepared to summarize discussions at the Workshop on APEC SME Business Matching and Internship Consortium for Global Value Chain Integration held in Atlanta, Georgia, USA from 8 – 9 June 2015. Delegates from 12 APEC Economies - Chile, Japan, Malaysia, Mexico, Papua New Guinea, Peru, The Philippines, Russia, Chinese Taipei, Thailand, The USA, Viet Nam, and representatives from the International Trade Center attended the workshop.

The workshop brought together representatives from small and medium enterprises (SMEs) and industry associations, multi-national corporations (MNCs), SME agencies, international organizations, trade promotion agencies, supply chain institutions/agencies, logistics, banking institutions, retailers, wholesalers, and consolidators, women organization, and grocery manufacturers, among others.

The workshop focused on seven key themes: (1) What it Takes for SMEs to Support a World-Renowned Retailer/Franchisor, (2) Growing an Excellent Global Supply Chain for Seafood, (3) Igniting Innovation through Incubation, (4) Enhancing Export Opportunities through Innovation, (5) Establishing the SME Consortium and Online Business Matching Platform, (6) Developing Successful Synergies, and (7) Ensuring Sustainable Supply Chain for the Future.

For each theme, presenters shared their experiences in hurdling compliance to standards, improving relationship with local SMEs and international suppliers, meeting consumer demands, and breaking into regional markets. A panel discussion on each theme provided a venue for delegates to exchange information, share their experiences, and raise their own issues and concerns regarding the topic at hand.

The outcomes and recommendations from the workshop are summarized as follows:

Outcomes

- Better appreciation of the opportunities in the value chain of large corporations available to SMEs (suppliers of raw materials, providers of services, spare parts, finished products, traded items, returnable packaging)
- Large corporations may extend capacity building assistance (e.g., agro-enterprise training and organizing, access to financing, linkage to institutional markets, capacity upgrading, processes and business transaction procedures, etc.) to SMEs through their Corporate Social Responsibility
- Risks/problems faced (unpredictable price, technical measures beyond food safety, social and environmental concerns, global economic crisis, exchange rate fluctuations, protectionist policy (AD, GSP))
- Top supply chain issues and concerns: product damage or spoilage, regulatory compliance, product security, and managing supply chain costs
- Secure better trading opportunities for SMEs producing do-good products (e.g., acquiring fair-trade certification, etc.)

Recommendations

- Improve the supply chain ecosystem of APEC economies to address the structural/institutional gaps (i.e., absence of organized supply chain and logistics agency) and dearth of talent.
- Foster partnerships between large global corporations and government to educate SMEs.
- Strengthen incubator and accelerator programs in academia for start-ups and SMEs.
- Harmonize minimum trade regulations in APEC (e.g., increase and harmonize *de minimis* threshold, optimize and harmonize shipping and postal regimes, intermediary liability protection, and promote global electronic payment method).

2 INTRODUCTION

Opportunities abound for SMEs integration into global value chains (GVCs) as large global corporations extensively outsource intermediate inputs to production. SMEs, however, are having difficulty in assimilating into GVCs considering their need for capacity building, market expansion, and global production network linkage, etc.

In response, the APEC SME Business Matching and Internship Consortium for Global Value Chain Integration project is being conducted to:

- jumpstart information exchange and to identify the knowledge and capability gaps for SMEs in global value chains;
- create an SME Global Value Chain Business Matching and Internship Consortium in APEC to foster cooperation and to spur information exchange among industry stakeholders -MNCs, SME training providers, SME agencies, and industry champions; and
- develop an online platform for easier communication and information exchange.

3 BACKGROUND

The Workshop on APEC SME Business Matching and Internship Consortium for Global Value Chain Integration primarily aims to:

- Serve as venue for information exchange among APEC member economies to understand supply chain in agriculture and processed food industries;
- Showcase successful integration of SMEs in the GVC;
- Identify the knowledge and capability gaps for SMEs in GVCs;
- Provide an overview of the supply chain of agriculture and processed food industries within the region; and
- Understand and develop responsive solutions to the SMEs' GVC integration related needs and issues.

Specifically, the workshop seeks to:

- Identify what multinational or global corporations require from their SME suppliers;
- Determine successful model templates illustrating SMEs' successful breakthroughs into the global supply chain;
- Know the support mechanisms needed by SMEs to integrate them into the international supply chain;
- Present how incubated process coordinated with academic institution creates better global export opportunities;
- Illustrate new business practices that can improve SME changes for connecting to the global supply chains and financial services available to SMEs;
- Present the mechanism for collaboration of the private sector, incorporating e-commerce and digital services, training institutions, and government agencies to enhance partnership and better connections to the GVC;

- Show how SMEs need to remain flexible in business plans to meet new trends and regulatory challenges over time;
- Highlight the importance of SMEs staying adaptable to meet the future; and
- Introduce facilities available for business matching/networking.

The expected workshop outputs are:

- An outcome document narrating the issues and perspectives on the integration of SMEs in GVCs;
- Directory of participants consisting of global corporations, SMEs, government institutions and academic/training institutions; and
- Introduction of the idea of the establishment of an SME Business Matching Internship Consortium for Global Value Chain Integration.

3 WORKSHOP AGENDA

Table 1. Programme



APEC Global Supply Chain Event for SMEs
 Atlanta, Georgia USA
 June 8-9, 2015
 Hosted by the Philippines

*Workshop on APEC SME Business Matching and Internship Consortium
 for Global Value Chain Integration*

DAY 1: June 8, 2015

07:45 – 08:30	Continental Breakfast in Ballroom Corridor
08:30 – 08:50	Welcome Remarks <i>Joint Plenary Session with All Atlanta Attendees</i> G.P. "Bud" Peterson , President of Georgia Tech Jannine Miller , Director of the Center of Innovation in Logistics for Georgia
08:50 – 09:30	OPENING SESSION: SME Challenges and Opportunities Key Note Speakers: Honorable Bruce Andrews Deputy Secretary, US Department of Commerce Jim Barber President, UPS International Introduction by Marcus Jadotte , Assistant Secretary for Industry and Analysis, U.S. Department of Commerce
09:30 – 10:45	SESSION 1: What it Takes for SMEs to Support a World-Renowned Retailer/Franchisor Panelists: 1. William Lorenzana, Vice President for Corporate Supply Chain, Jollibee Foods Corporation 2. The Hung Luong, CEO, MêTrang Coffee Corps, Viet Nam 3. Chris Owens, Americold 4. Wolfgang Pordzik, EVP Corporate Public Policy, DP DHL Moderator: Jean Rogers, Chief Operating Officer, WEConnect
10:45 – 11:00	BREAK

11:00 – 12:00	<p><i>SESSION 2: Growing an Excellent Global Supply Chain for Seafood</i></p> <p>Panelists:</p> <ol style="list-style-type: none"> 1. Panisuan Jamnarnwej, President Emeritus, Thai Frozen Food Association 2. Russell Smith III, Deputy Assistant Secretary for International Fisheries, National Oceanic and Atmospheric Administration (NOAA) <p>Moderator: Robert De Han, General Counsel, National Fisheries Institute</p>
	<p>LUNCH IN GEORGIA TECH HOTEL DINING ROOM</p>
01:00 – 02:10	<p><i>SESSION 3: Igniting Innovation Through Incubation</i></p> <p>Panelists:</p> <ol style="list-style-type: none"> 1. Tod Burwell, President and CEO, Bankers Association for Finance and Trade 2. David Closs, John McConnell Chaired Professor of Business, Department of Supply Chain Management, Michigan State University 3. Marcos Vaena, Chief, Enterprise Competitiveness Division of Business and Institutional Support, International Trade Center <p>Moderator: Tim Brown, Managing Director, Supply Chain and Logistics Institute, Georgia Institute of Technology</p>
02:10 – 02:25	<p>BREAK</p>
02:25 – 03:35	<p><i>SESSION 4: Enhancing Export Opportunities through Innovation</i></p> <p>Panelists:</p> <ol style="list-style-type: none"> 1. Jeannie Javellosa, Co-Founder, Echo Store 2. Susila Devi Kumaran, Deputy Chief Officer, Malaysia External Trade Development Corporation 3. Ralph Carter, Managing Director, Legal, Trade and International Affairs, FedEx <p>Moderator: Nestor Rañeses, Director, Institute for Small-Scale Industries, University of the Philippines</p>

03:35 – 04:15	<p><i>SESSION 5: Establishing the SME Consortium and Online Business Matching Platform</i></p> <p>Panelist: Brian Bieron, Executive Director, Connected Commerce Policy Lab, Ebay</p> <p>Moderator: Elizabeth Board, Executive Director, GS1 Public Policy</p>
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DAY 2: June 9, 2015

07:45 – 08:30	Continental Breakfast in Ballroom Corridor
08:30 – 09:00	<p>OPENING SESSION: CREATING SME CONNECTIONS (PLENARY)</p> <p>Keynote speakers:</p> <p>Zenaida Maglaya, Under Secretary for the Department of Trade and Industry, Philippines</p> <p>Introduction by Arun Kumar, Director General for Commercial Service and Assistant Secretary for Global Markets, U.S. Department of Commerce</p> <p>Mr. William Lorenzana Vice President, Jollibee Foods Corporation</p> <p>Introduction by Arun Kumar, Director General for Commercial Service and Assistant Secretary for Global Markets , U.S. Department of Commerce</p> <p>Ms. Patricia M. Loui Member, Board of Directors, The Export-Import Bank of the United States</p>
09:00 – 10:10	<p><i>SESSION 6: Developing Successful SME Synergies</i></p> <p>Panelists:</p> <ol style="list-style-type: none"> 1. Tres Bailey, Director of Food Policy, Walmart 2. Amanda Brondy, Director of International Projects, Global Cold Chain Alliance <p>Moderator: Melissa San Miguel, Director of Global Strategies, Multilateral Affairs, Grocery Manufacturing Association</p>

10:10 – 10:25	BREAK
10:25 – 11:45	<p><i>SESSION 7: Ensuring Sustainable Supply Chain for the Future</i></p> <p>Panelists:</p> <ol style="list-style-type: none"> 1. Jaime Garchitorena, President, Credit Information Corporation of The Philippines 2. John Miller, Cold Chain and Distribution Services Specialist, US Department of Commerce <p>Moderator: Marcos Vaena, International Trade Center</p>
12:00 – 01:00	LUNCH IN GEORGIA TECH HOTEL DINING ROOM
01:00 – 04:00	<p><i>COLD CHAIN SITE TOURS – SECTOR BASED</i></p> <p>Americold Distribution Center</p> <p>Martin-Brower</p> <p>Preferred Freezer Solutions</p> <p>Sealed Air</p> <p>UPS Healthcare Facility</p>

(Please refer to Attachment A for the list of participants during the workshop.)

4 WORKSHOP DISCUSSION

The opening session on “SME Challenges and Opportunities”, with inputs from Honorable Bruce Andrews (Deputy Secretary, US Department of Commerce) and UPS International President Jim Barber, introduced the overarching objective of organizing the two-day workshop in steering an APEC agenda that will promote the participation of SMEs in regional and global markets. This session highlighted the importance of moving goods and services efficiently around the world and how SMEs can overcome the challenges to connect to global and regional supply chains.

The aims of the seven workshop sessions are summarized below:

Table 2. Session Objectives.

Session	Session Objectives
1. What it takes for SMEs to Support a World-Renowned Retailer/Franchisor	<ul style="list-style-type: none">• Highlight connections from SME supplier to world-renown retailer and franchisor, with input on key global food security requirement and financing opportunities• Identify successful model templates illustrating SMEs’ successful breakthroughs into the global supply chain
2. Growing an Excellent Global Supply Chain for Seafood	<ul style="list-style-type: none">• Learn about addressing domestic regulations, finding financing resources to grow seafood business• What support mechanisms can be extended to SMEs to integrate them into the international supply chain?
3. Igniting Innovation through Incubation	<ul style="list-style-type: none">• Hear how incubated process coordinated with academic institution creates better global export opportunities• Financing technical capability training that can be provided to SMEs
4. Enhancing Export Opportunities through Innovation	<ul style="list-style-type: none">• New business practices that can improve SME changes for connecting to the global supply chains• Financial services available to SMEs
5. Establishing the SME Consortium and Online Business Matching Platform	<ul style="list-style-type: none">• Present the mechanism for collaboration of the private sector, incorporating e-commerce and digital services, training institutions, and government agencies to enhance partnership and better connections to the GVC
6. Developing Successful Synergies	<ul style="list-style-type: none">• Learn how SMEs need to remain flexible in business plans to meet new trends and regulatory challenges over time
7. Ensuring Sustainable Supply Chain for the Future	<ul style="list-style-type: none">• Highlight the importance of SMEs staying adaptable to meet the future, facilities available for business matching/networking

Meanwhile, copy of the presentations under the seven workshop themes may be found in Annex 2 of this report.

5 WORKSHOP HIGHLIGHTS AND RECOMMENDATIONS

Highlights

- Participants have better appreciation of the opportunities in the value chain of large corporations available to SMEs. These include suppliers of raw materials and providers of services, spare parts, finished products, traded items, and returnable packaging.
- Integration in the chain has to be value adding.
- Large corporations may extend capacity building assistance (e.g., agro-enterprise training and organizing, access to financing, linkage to institutional markets, capacity upgrading, processes and business transaction procedures, etc.) to SMEs through their Corporate Social Responsibility.
- There is a need to improve the quality of products of SMEs and facilitate deeper integration of SME products in the value chain by product enhancement / upgrading (e.g., from raw beans to roasted/grounded coffee; soluble/ready to drink coffee).
- Fortify strength by continuing to enhance the processing and serving phases.
- Clearly define market strategy, maximizing the opportunity available within the economy (e.g., increasing demand for local products offered by the growing number of tourist arrivals).
- Incorporate quality by acquiring certification (e.g., for agricultural products like coffee, 4C, UTZ, and Rainforest Alliance).
- Combine technology, quality assurance and recipe know-how to penetrate into market niches.
- Risks and/or problems faced: unpredictable price, technical measures beyond food safety, social and environmental concerns, global economic crisis, exchange rate fluctuations, and protectionist policy (AD, GSP).
- Top supply chain issues and concerns: product damage or spoilage, regulatory compliance, product security, and management of supply chain costs
- Measures to prepare SMEs to go global: profiling, development, accelerating
- Create competitive and sustainable exporters through business coaching, international market exposure, industry business networking, and market immersion.
- Secure better trading opportunities for SMEs producing do-good products (e.g., acquiring fair-trade certification, etc.).
- Diagnostic tools:
 - Identifying strengths and weaknesses for improvement: assess performance and capabilities to be able to rate and enhance SME competitiveness
 - Identifying innovative capacity and capabilities: encourage SMEs to venture into high technology and innovation-driven industries
 - Identifying export-readiness: assess export-readiness for customized development programme
- Expand export market through e-commerce
 - Knowledge sharing on business potential via e-commerce outreach programme
 - On boarding of SMEs in identified e-commerce platforms
 - Continuous exposure to latest techniques and e-commerce trends
 - Use of mobile e-commerce applications
- Knowledge of alternative model of SME global trade
 - Access to the internet
 - Global commerce and payment services
 - Efficient package delivery logistics
 - Knowledge of e-commerce models

Recommendations

Most notably, the workshop delegates were able to come up with the following policy recommendations to expand SME trade:

- Increased and harmonized *de minimis* thresholds
- Optimized & harmonized shipping and postal regimes
- Intermediary liability protection
- Promoting global electronic payment methods

The following recommendations were also provided:

- Improve the supply chain ecosystem of APEC economies to address the structural/institutional gaps (i.e., absence of organized supply chain and logistics agency) and dearth of talent.
- Foster partnerships between large global corporations and government to educate SMEs.
- Strengthen incubator and accelerator programs in academia for start-ups and SMEs.
- Harmonize minimum trade regulations in APEC (e.g., increase and harmonize *de minimis* threshold, optimize & harmonize shipping and postal regimes, intermediary liability protection, promote global electronic payment method).

ANNEX 1: LIST OF PARTICIPANTS

No.	Economy	Name	Organization
1	Africa	Olu Azibade	Anso Power
2	Chile	Herman Alfonso Gutierrez	ProChile
3	ITC	Marcos Vaena	International Trade Center
4	Japan	Osamu Tamura	Ministry of Economy, Trade and Industry
5	Malaysia	Azrine Othman	SME Corp
6	Malaysia	Susila Devi Kumaran	Malaysia External Trade Development Corporation
7	Mexico	Alejandro Gonzales	National Institute for the Entrepreneurs
8	Papua New Guinea	Norman Songo	Trade and Commerce
9	Peru	Jorge Garcia	Ministry of Foreign Affairs – Directorate of APEC and Specialized Fora
10	Peru	Lourdes Fernandez Felipe-Morales	Ministry of Production
11	Thailand	Wittawat Lamsam	Office of SMEs Promotion
12	Thailand	Panisuan Jamnarnwej	Board of Trade of Thailand / Thailand Frozen Foods Association
13	The Philippines	Aleli Sudiagal	Department of Health
14	The Philippines	Ronald De Veyra	Food and Drug Administration
15	The Philippines	Jaime Garchitorena	Credit Information Corporation
16	The Philippines	Lauren Charmaine Nicolas	Department of Trade and Industry
17	The Philippines	Roselle Florendo	Integrated Food Manufacturer's Association of the Philippines for Productivity
18	The Philippines	Jeannie Javelosa	ECHOstore
19	The Philippines	William Lorenzana	Jollibee Foods Corporation
20	The Philippines	Nestor Rañeses	University of the Philippines Institute for Small-Scale Industries
21	The Philippines	Nova Navo	University of the Philippines Institute for Small-Scale Industries
22	The USA	John Miller	US Department of Commerce
23	The USA	Chris Owens	Americold
24	The USA	Wolfgang Pordzik	DP DHL
25	The USA	Tod Burwell	Bankers' Association for Finance and Trade
26	The USA	David Closs	Department of Supply Chain Management, Michigan State University
27	The USA	Ralph Carter	FedEx Legal Trade and International Affairs
28	The USA	Tres Bailey	Walmart
29	The USA	Amanda Brondy	Global Cold Chain Alliance
30	The USA	Jean Rogers	WEConnect
31	The USA	Melissa San Miguel	Grocery Manufacturing Association
32	The USA	Vincent Brown	KSU
33	Viet Nam	The Hung Luong	Me Trang Coffee Corps

ANNEX 2: SPEAKERS' PRESENTATIONS

Speaker: William S. Lorenzana Jr. (VP Corporate Supply Chain, Jollibee Food Corp.)

Jollibee Foods CORPORATION

What It Takes an SME to Support a Global Retailer

8 June 2015
Atlanta, Georgia

William S. Lorenzana Jr.
VP Corporate Supply Chain

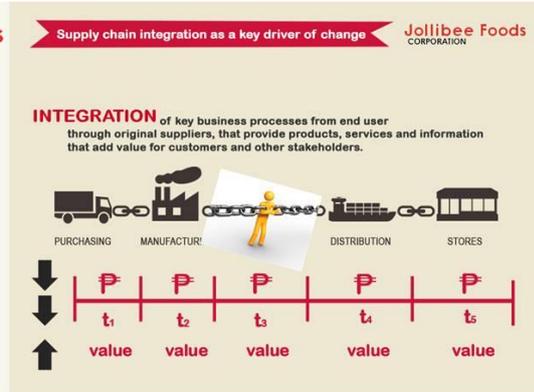
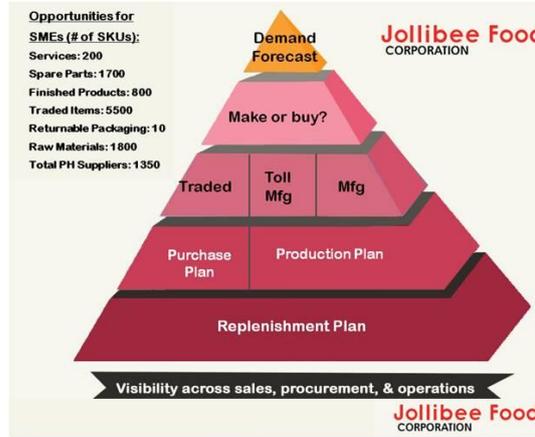
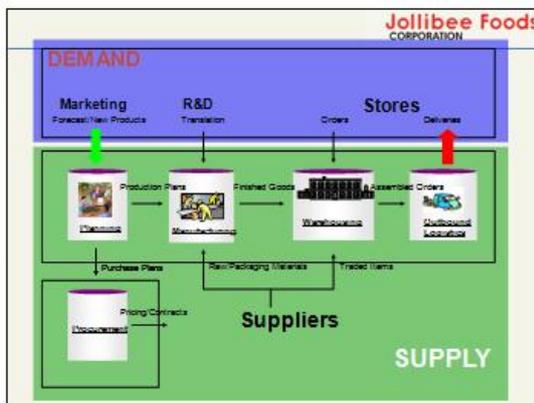
JFC is a global QSR organization composed of 11 brands with a system wide sales of US\$ 2.7 billion in 2014 and a network of over 3,000 stores across South East Asia, China, the Middle East & the U.S.A

Jollibee Foods CORPORATION

We are in the QSR Business
Q-quick
S-service
R-restaurant

85, 119, 409, 72, 2,317

With global presence of over 3,000 stores worldwide, plus 146 JV stores.



Farmer Entrepreneurship PROGRAM

Jollibee Group FOUNDATION

CRS CATHOLIC RELIEF SERVICES

NATIONAL LIVELIHOOD DEVELOPMENT CORPORATION

Jollibee Foods Corporation opened its supply chain to include small farmers as producers. Jollibee Group Foundation also leverages the JFC network to encourage other institutional markets to be part of FEP.

Speaker: LUONG The Hung, Chairman cum CEO, ME TRANG COFFEE JSC



VIETNAMESE SME OF COFFEE INDUSTRY CONTRIBUTE TO GLOBAL VALUE CHAIN

SME WORKSHOP
APEC 2014A – SMEWG40
SPEAKER: LUONG The Hung (Mr.)
Chairman cum CEO of ME TRANG COFFEE JSC

SME WORKSHOP - ME TRANG COFFEE JSC - VIETNAM

CONTENT

1. Vietnam Coffee industry: *The circumstance and its impact to Me Trang Coffee JSC*
2. Me Trang Coffee JSC's determination to the global integration and value chain
 - 2.1. Brief story about Me Trang Coffee
 - 2.2. On-going projects
 - 2.3. Fortify strength by continuing to enhance the processing & serving phases

SME WORKSHOP - ME TRANG COFFEE JSC - VIETNAM

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SME WORKSHOP - ME TRANG COFFEE JSC - VIETNAM

Vietnam Coffee industry: *The circumstance and its impact to Me Trang Coffee JSC*

- Vietnam is biggest exporter of Robusta coffee to the world while it is second largest producer of coffee in total volume (second to Brazil).
- Vietnamese coffee takes account of 19.8% of the world total coffee output.
- The importing markets are about 80 countries and territories all over the world in which the leaders such as Germany, U.S.A, Spain, Italy, and Japan.
- Vietnamese coffee is grown on the land of 400 meters high above sea level that produces the coffee type of sweet aroma and high quality.



Robusta coffee

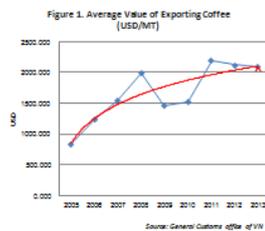


Source: Vietnamese Coffee and Cocoa Association Year 2014

SME WORKSHOP - ME TRANG COFFEE JSC

Vietnam Coffee Industry: *The circumstance and its impact to Me Trang Coffee JSC*

- IPM (Integrated Pest Management), GAP (Good Agriculture Practice), GMP (Good Manufacturing Practice), and expanding 4C, UTZs, Rainforest Alliance.
- These attribute to increase the average exporting value of coffee but marginal decreasing return has happened



SME WORKSHOP - ME TRANG COFFEE JSC

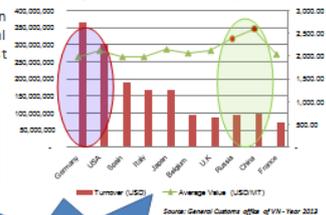
Vietnam Coffee industry: *The circumstance and its impact to Me Trang Coffee JSC*

The divergence between highest import value of total and countries of highest average value.

Top 3 importers on total: Germany, U.S, Spain

Top 3 importers on average: China, Russia, Japan

Figure 2. Top 10 Vietnam coffee Importers



90% of Vietnam coffee output is exported as green bean → quite small share of global value chain

SME WORKSHOP - ME TRANG COFFEE JSC

The way to enhance in the global value chain

- Improve the quality
- Deeper integrate into the value chain by processing green bean
 - Roasting/Grinding
 - Soluble Coffee



CONTENT

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SME WORKSHOP - ME TRANG COFFEE JSC - VIETNAM

Me Trang Coffee JSC's determination to the global integration and value chain
- Brief story about Me Trang Coffee

- 15 years of establishment & development
- 15 branches and hundreds of distributor Vietnam nationwide, and abroad: Japan, Republic of Korea, Southeast Asia, Russia; Heading to U.S; Western Europe
- Me Trang coffee's Brand cover over 10,000 coffee shops in Vietnam



SME WORKSHOP - ME TRANG COFFEE JSC

Me Trang Coffee JSC's determination to the global integration and value chain
- Brief story about Me Trang Coffee

The initial phase that how to get fastest to customer to acknowledge our TRUE COFFEE



SME WORKSHOP - ME TRANG COFFEE JSC

CONTENT

- Vietnam Coffee industry: *The circumstance and its impact to Me Trang Coffee JSC*
- Me Trang Coffee JSC's determination to the global integration and value chain
 - Brief story about Me Trang Coffee
 - On-going projects**
 - Fortify strength by continuing to enhance the processing & serving phases

SME WORKSHOP - ME TRANG COFFEE JSC - VIETNAM

Me Trang Coffee JSC's determination to the global integration and value chain
- On-going projects

Developing **300** coffee shop chain with slogan **"Get Rich fastest with Mcafe"**

- Booming demand of coffee enjoyment
- Own developed and Franchise: to have win/ win wealth
- True pure Coffee + Know-how recipes + Modern Coffee ambience and services



SME WORKSHOP - ME TRANG COFFEE JSC

Me Trang Coffee JSC's determination to the global integration and value chain
- On-going projects

Investing in **500** coffee making machines at office buildings, shopping malls

- Need to enjoy good coffee but have no time
- Building coffee culture at office and crowded places



SME WORKSHOP - ME TRANG COFFEE JSC

Me Trang Coffee JSC's determination to the global integration and value chain
- On-going projects

Building Me Trang Coffee JSC's complex of growing, feeding, processing, roasting, and exhibiting coffee at Nha Trang City

- 3 million tourists, and 33,000 pax from ocean vessel visiting to Nha Trang, one of the most popular destination in Vietnam;
- The demand of tourists to enjoy different interesting places when visiting to Nha Trang city while the traditional places become too familiar.

A complex introducing the closed processing circle from cultivating, growing, harvesting, processing, roasting, and exhibition stalls of Me Trang Coffee's products that will serve tourist to enjoy coffee.



SME WORKSHOP - ME TRANG COFFEE JSC

CONTENT

- Vietnam Coffee industry: *The circumstance and its impact to Me Trang Coffee JSC*
- Me Trang Coffee JSC's determination to the global integration and value chain
 - Brief story about Me Trang Coffee
 - On-going projects**
 - Fortify strength by continuing to enhance the processing & serving phases**

SME WORKSHOP - ME TRANG COFFEE JSC - VIETNAM

Me Trang Coffee JSC's determination to the global integration and value chain
- Fortify strength by continuing to enhance the processing & serving phases

Input quality

- Supplier must be qualified certain of **4C, UTZ, Rainforest Alliance,...**
- Increasing direct buying from Farmer: **30 %**
- Buying from qualified middle men: **70 %**

SME WORKSHOP - ME TRANG COFFEE JSC

M Me Trang Coffee JSC's determination to the global integration and value chain
 - Fortify strength by continuing to enhance the processing & serving phases

Combination of technology, quality assurance, and know-how of recipes to penetrate into market niches with various lines



Vietnamese traditional gourmet line

SME WORKSHOP - ME TRANG COFFEE JSC

M Me Trang Coffee JSC's determination to the global integration and value chain
 - Fortify strength by continuing to enhance the processing & serving phases

Combination of technology, quality assurance, and know-how of recipes to penetrate into market niches with various line

Super clean line with different caffeine content MC1, MC2, and MC3



MC1 MC2 MC3

SME WORKSHOP - ME TRANG COFFEE JSC

M Me Trang Coffee JSC's determination to the global integration and value chain
 - Fortify strength by continuing to enhance the processing & serving phases

Combination of technology, quality assurance, and know-how of recipes to penetrate into market niches with various lines

Weasel coffee which is coffee produced under enzyme process simulating the digestive system of civet animal, that is more acceptable by popular consumers because there is no animal treatment; nor animal originated.



Weasel premium

SME WORKSHOP - ME TRANG COFFEE JSC

M Me Trang Coffee JSC's determination to the global integration and value chain
 - Fortify strength by continuing to enhance the processing & serving phases



Coffee is very good for health should we please to enjoy more with it.

SME WORKSHOP - ME TRANG COFFEE JSC

Speaker: Dan Silvernale, Vice President Finance and Healthcare Compliance, UPS Global Logistics and Distribution

June 8, 2015

Dan Silvernale, Vice President Finance and Healthcare Compliance
UPS Global Logistics and Distribution

An Integral Part of our Global Service Portfolio

UPS Global Logistics & Distribution

- Distribution**
 - Manufacturing Support
 - Finished Goods Distribution
 - Value Added Services (e.g. kitting, packaging, returns handling, etc.)
 - Transportation Mgmt.
- Post Sales**
 - Service Parts Logistics
 - Express Critical
 - Reverse Logistics
 - Test, Repair, Refurbish
- Mail Innovations**
 - Domestic postal consolidation
 - Flats, bound printed matter and lightweight parcels
 - Returns
 - US Outbound International

Contract Logistics Industry Trends

Global and multinational corporations are increasing their overall use of logistics outsourcing

- Large global and multinational companies are trying to rationalize the set of global logistics providers they are using – rationalization driven by two factors:
 - Simplify business-to-business integration by offering consistently available services across regions
 - Provide end-to-end business process improvements and innovative solutions across traditionally disconnected services
- Companies have begun steering their focus away from pure cost-cutting measures and toward placing renewed emphasis on growth, innovation and revenue generation

Global Contract Logistics Market (\$B)

4.9% CAGR 2009-13

6% CAGR 2013-17

Growth is expected to accelerate

Projections are confidential. The information may not be used or disclosed in any press release, investment or financial statement, unless expressly authorized by UPS. © 2015 UPS. All rights reserved. For more information, please contact your account manager or contact UPS Global Logistics at 800.448.8888.

Global Healthcare Integrated Distribution Network

49 Facilities Globally...and Growing

AMERICAS	EUROPE	ASIA PACIFIC
Atlanta, GA (2)	Colgate Air Hub	Hangzhou, CN
Dallas, TX	Madrid, ES	Hefei Air Hub – CN
Durham, NC	Milan, IT	Intra-Asia Air Hub – CN
Harrisburg, PA	Rotterdam, NL	Shanghai, CN
Los Angeles, CA	Venice, NL	Singapore, SG
Louisville, KY (2)	Warsaw, PL	Sydney, AU
Louisville, KY Air Hub	Winnipeg, MB	
Memphis, TN	Bogota, CO	
Miami, FL Air Hub	Colonia, BR	
Memphis, TN	São Paulo, BR	
Newark, NJ	Managua, NI	
Ontario, CA Air Hub	San Juan, PR	
Philadelphia, PA Air Hub	Santiago, CL	
Reno, NV (2)	U.K. (3)	
	Poland (1)	

Network of 49 facilities
Nearly 7 million sq ft (600,000 m²)

● Current Facility
● UPS Air Hub

WE LOGISTICS

Healthcare Demands Advanced Technology

Healthcare products can be *highly valuable* and *highly sensitive*

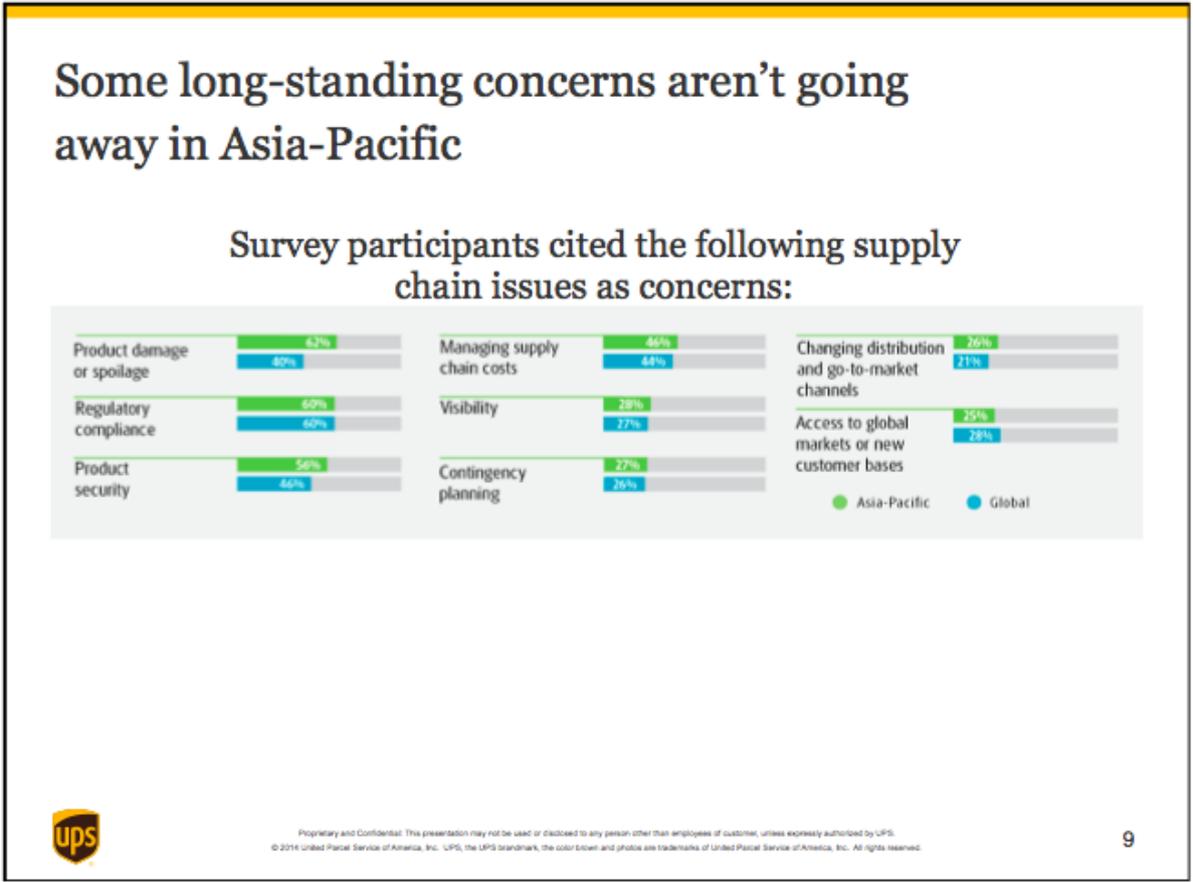
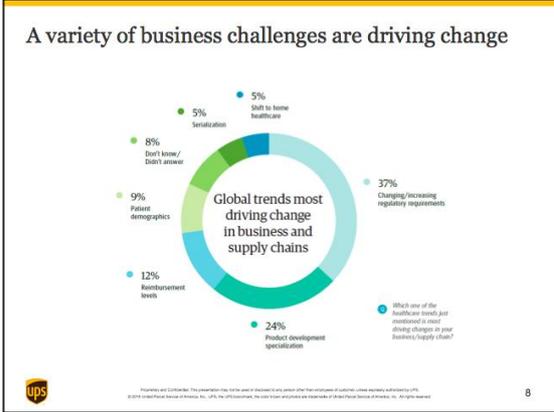
UPS technology helps with:

- Temperature/humidity sensitivity
- Product integrity/safety monitoring
- Regulatory compliance
- Advanced tracking

UPS Healthcare Philosophy

IT'S A PATIENT, NOT A PACKAGE!

UPS Supply Chain Solutions





Seafood Cold-Chain Production for Export from Thailand

Panisuan Jamnarnwej, Ph.D.
Thai Frozen Foods Association



Seafood Production for Export

Wild-Caught

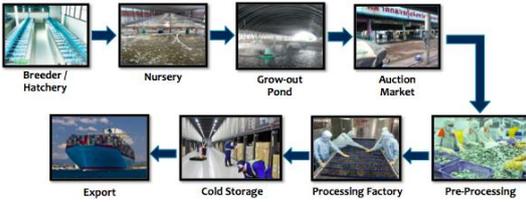


สมาคมอาหารแช่เยือกแข็งไทย
Thai Frozen Foods Association

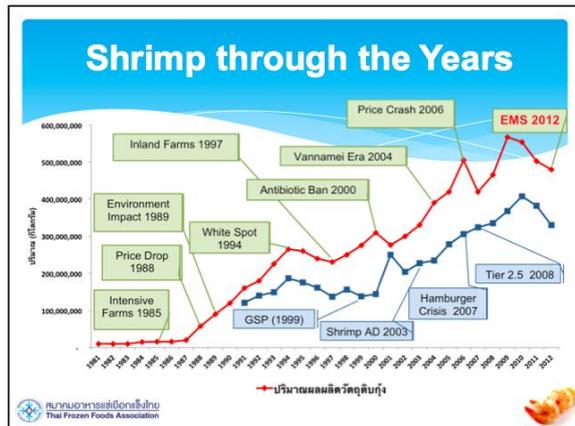


Seafood Production for Export

Aquacultured



สมาคมอาหารแช่เยือกแข็งไทย
Thai Frozen Foods Association

Problems We Face

RM

- RM shortage, both Wild and Aquacultured
- Unpredictable Price

Factory

- Technical Measures beyond Food Safety
- Social and Environmental Concerns

Market

- Global Economic Crisis
- Exchange Rate Fluctuation
- Protectionist Policy (AD, GSP)

สมาคมอาหารแช่เยือกแข็งไทย
Thai Frozen Foods Association




Thank You

Website : www.thai-frozen.or.th

E-mail : thai-frozen@thai-frozen.or.th



สมาคมอาหารแช่เยือกแข็งไทย
Thai Frozen Foods Association

Speaker: Susila Devi, Deputy Chief Executive Officer, MATRADE

APEC GLOBAL SUPPLY CHAIN EVENT FOR SMEs

ENHANCING EXPORT OPPORTUNITIES THROUGH INNOVATION

Atlanta, Georgia | 8 June 2015

Presented by:
Susila Devi
Deputy Chief Executive Officer
MATRADE

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Who are the SMEs in Malaysia?

Manufacturing
Annual revenue less than USD 13 million (RM50 million)
OR
Employment not exceeding 200 workers

Services
Annual revenue less than USD 5 million (RM20 million)
OR
Employment not exceeding 75 workers

Distribution of Business Establishments by Size

- Micro (75%)
- Small (19%)
- Medium (3%)
- Large (3%)

645,136 companies (97%)

... and they are cutting across all sectors of the economy

- 100.0% Services
 - Distributive Trade and Repair of Motor Vehicles and Motorcycles (50%)
 - Manufacturing
 - Textiles & Wearing Apparel (28.5%)
 - Food Products (19%)
 - Construction
 - Non-residential Buildings (21.5%)
 - Civil Engineering (21.0%)
 - Agriculture
 - Crops (75.4%)
 - Livestock (13.4%)
 - Mining & Quarrying
 - Stone Quarrying (53.4%)
 - Mineral Mining (10.4%)
- 5.9% Manufacturing
- 3.0% Construction
- 1.0% Agriculture
- 0.1% Mining & Quarrying

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SMEs contribution to the Economy

33.1% GDP 57.5% Employment 19% Exports

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To increase SMEs' export contribution to 25%

2013 2020

- Export Growth: 19% → 25%
- GDP Growth: 33% → 41%
- Employment Growth: 54% → 62%

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Greater Market Access for SMEs

Profiling Development Accelerating

Preparing Malaysian SMEs to Go Global

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Profiling the SMEsusing different tools

Diagnostic Tools

- SCORE** (www.smeccorp.gov.my): Identify strengths & weaknesses for improvements. To assess performance & capabilities used to rate and enhance SMEs competitiveness.
- InnoCERT** (www.innocert.gov.my): Identify innovative capacity and capabilities. To encourage SMEs to venture into high technology and innovation-driven industries.
- MERA** (www.mera.gov.my): Identify Export Readiness. To assess export readiness of SMEs for customised export development programme.

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1 Customised Exporters Development Programmes

to create competitive & sustainable exporters

Young Entrepreneurs **Women** **Others**

Youth Women Others

A 3 years programme based on invitation and assessment by MATRADE

- Customised BUSINESS COACHING
- International MARKET EXPOSURE
- Industry BUSINESS NETWORKING

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2 Nurturing SMEs through GO-EXPORT

Identify, develop and nurture SMEs to become resilient and competitive internationally

Provide access to relevant international business network

Increase export and new business opportunities

Market Immersion for 1,400 SMEs

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3 Transforming SMEs

FROM SME TO MID-TIER COMPANIES

3 aspiration themes
Innovation
Growth
Exports

Elements of Programme

- Strengthening the foundations for growth**
 - Best practices in key functions (e.g., brand building, supply chain)
 - Practical exercises to "learn by doing"
- Delivering distinctive market entry outcomes**
 - Country and sector experts
 - MTC partner network in desired countries
 - Real time market intelligence
 - Customized trade missions
 - Global market infrastructure

Mid-Tier Companies

- Manufacturing** : annual revenue between USD13 million to USD135 million
- Services** : annual revenue between USD5 million to USD135 million

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4 Accelerating exports through Digitizing SMEs

Low technology adoption by SMEs

- Lack of Knowledge on Technology Benefit
- Lack of Skills & Technology Know-How
- High Adoption Cost

E-Commerce Onboarding programme

AWARENESS
 Knowledge sharing on business potential via e-commerce outreach programmes

ONBOARDING
 Activate SME on identified e-commerce platform to access the right target market

TRAINING
 Ensure continuous exposure to latest techniques and e-commerce trends

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Embracing Digital Transformation

Rated 5 STAR Portal for 4 consecutive years

MATRADE Mobile App

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Connecting SMEs to Global Supply Chain

- Aerospace** - KUALA LUMPUR INTERNATIONAL AEROSPACE BUSINESS CONVENTION (KLIABC)
- Automotive** - THE INDONESIA INTERNATIONAL AUTO PARTS, ACCESSORIES & EQUIPMENT EXHIBITION (INAPA)
- Oil & Gas** - GLOBAL SOURCING PROGRAMME: BUSINESS OPPORTUNITIES WITH SCHLUMBERGER
- E&E** - GLOBAL SOURCING PROGRAMME: SEMICON
- Healthcare** - ARAB HEALTH
- Lifestyle** - FACIT MALAYSIA
- Food** - MALAYSIA INTERNATIONAL HALAL SHOWCASE (MHAS)

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Malaysian Brands Going Global

Consumer Goods		E&E
Food and Beverages	Pharmaceuticals, Toiletries & Cosmetics	Industrial Electrical & Electronic Products
Consumer Electrical & Electronic Products	Agricultural Produce	Gifts, Souvenirs and Jewellery
Chemicals	Industrials	
Chemicals, Minerals & Alloys	Building Construction Materials & Hardware	Automotive, Parts & Components
Plastic Products	Oil & Gas	

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MADE IN MALAYSIA FOR THE WORLD

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Speaker: Jeannie E. Javelosa, Co-Founder & Director, ECHOstore Sustainable Lifestyle; Trustee & President, ECHOsi Foundation



Jeannie E. Javelosa
Co-Founder & Director, ECHOstore Sustainable Lifestyle
Trustee & President, ECHOsi Foundation

ECHO = Environment Community Hope Organization

Tri-Concept: An ECHOsystem




Green fair trade community-made products / Natural, fresh sustainable farm produce or community food

Retail + Licensing + Online E-commerce + Export




Platform for Sustainable Green Products




ECHOstore's Second Brand

Why empower women?
Women-owned, operated, led
89% of suppliers are women micro-entres or small businesses
90% of customers are women

GREAT WOMEN Brand
GREAT -Gender Responsive Economic Action for the Transformation of Women



ASEAN products and supply chain for global markets



GREAT WOMEN
WOMEN HELPING WOMEN
UP THE VALUE CHAIN



GREAT WOMEN BRAND
Powered by ECHOstore Sustainable Lifestyle

A collection of limited production women's bags, fashion accessories, and home textiles handmade by indigenous women from cultural communities in the Philippines. The textiles are developed under the GREAT Women Platform, an integral and inclusive model of development and social enterprise of ECHOstore and its ECHOsi Foundation. GREAT Women is the acronym for Gender Responsive Economic Action for the Transformation of Women. The aim is to economically empower women while striving to keep a living culture, sustainable.



Universal Branding and Packaging
 Creating a regional women's brand and lifestyle
 and selected food products

Product Design Directions:
 Creating products with a oneness of diversity of
 cultures in ASEAN

Business Direction:
 Creating a regional
 product-supply-fulfillment chain

Speaker: Brian Bieron, Executive Director, eBay Public Policy Lab



The Global Empowerment Network

SME Global Trade and Inclusive Globalization

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An Alternative Model of SME Global Trade

- Access to the Internet
- Global Commerce and Payments Services
- Efficient Package Delivery Logistics
- Knowledge of eCommerce Models

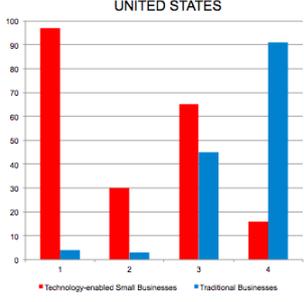


SMEs are Global Traders for the First Time in History

UNITED STATES

1. Share of Businesses Exporting
3. Number of Export Markets
4. Firm Survival Rate
5. Concentration of Sales (Share of Largest 5%)

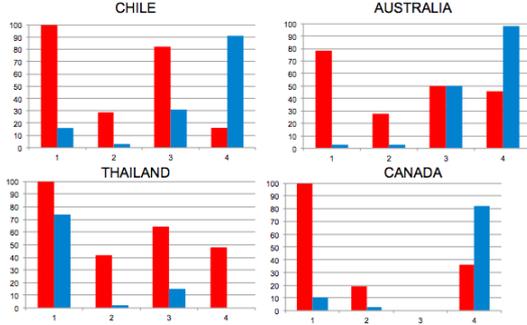
* All data calculated using eBay, US Commerce data, and World Bank data



Metric	Technology-enabled Small Businesses	Traditional Businesses
1. Share of Businesses Exporting	~95	~5
3. Number of Export Markets	~30	~5
4. Firm Survival Rate	~65	~45
5. Concentration of Sales (Share of Largest 5%)	~15	~90



The Results Appear Across the Globe



Country	Metric	Micro Multinationals	Traditional Businesses
CHILE	1	~95	~15
	2	~30	~5
	3	~80	~30
	4	~15	~90
AUSTRALIA	1	~80	~5
	2	~30	~5
	3	~50	~50
	4	~45	~95
THAILAND	1	~95	~75
	2	~40	~5
	3	~65	~15
	4	~45	~5
CANADA	1	~95	~10
	2	~20	~5
	3	~5	~5
	4	~35	~85





Emmanuel Antig



Policy Recommendations to Expand SME Trade

- Increased and harmonized de minimis thresholds
- Optimized & harmonized shipping and postal regimes
- Intermediary liability protection
- Promoting global electronic payment methods



