APEC Global Value Chain/SME for Automotive Sector Updates

Purpose: Information
Submitted by: Malaysia
APEC GVC/SME FOR AUTOMOTIVE SECTOR (GSAS)
UPDATES ON GSAS BY MALAYSIA
25-28 June 2019 – Bali, Indonesia

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In 2017, APEC endorsed the GVC-SME-Automotive-Sector (GSAS) Technical Assistance and Capacity Building (TACB) proposal through the proposed multi-year APEC’s Regional Automotive Supplier Excellence Program (RASEP) which will be led by Malaysia.

This capacity building project will deliver focused technical assistance to SMEs to improve their capability by identifying the core business aspects and competencies that could be used to gauge and monitor SMEs’ performance to enable them to identify and exploit all opportunities available in developing practical solutions to overcome the NTBs.

This project is beneficial to all APEC Economies, especially to developing economies that are looking to assist their automotive SMEs in moving up the value chain as well as in improving the efficiency and effectiveness of SMEs in all business areas including production, finance, human resources, and marketing.
The SMEs’ journey towards GVC integration:
Action plans to achieve the world class status amongst the capable vendors, starting with the internal focus, followed by external focus as the vendors capabilities are gradually elevated.
The proposed RASEP activities comprises of assessment and benchmarking activities, followed by training & coaching activities.

**Company selection**
- Automotive parts and components manufacturers at SME level
- Tier 1/2/3 SMEs
- Based in APEC Economies

**Assessment & Industry Profiling**
- A comprehensive company-wide assessment involving all areas related to Management, Operation, Finance & Human Capital Development

**Industry Profiling Report**
- Identifying Gaps and Opportunity for Improvement:
  - The reports provide:
  - The current performance of participant compared to the global best practice
  - List of opportunity for improvement reduce the gaps identified from the assessment

**Training & Coaching**
- Coaching & Mentoring:
  - Implementation of tailored TACB to address issues identified by the assessment
  - Experienced automotive industry expert will guide and coach the SMEs.

**Post RASEP Progress**
- Post-RASEP Assessment / Review
  - Measure the SMEs through Post-RASEP assessment/review to track and measure progress, KPIs achievement and improvement.
  - To incorporate final result of the post RASEP assessment and SMEs achievement with APEC business matching activity.
Among the activities to be incorporated in the RASEP framework:

1) Industry profiling to facilitate business matching and addressing issues/problems:
   • Including OEMs and SMEs data within APEC region;

2) Data gathering on OEMs’ and SMEs’ Human Capital Development (HCD) needs:
   • To facilitate efforts to fill the HCD gaps & developing training needs analysis (TNA) for SMEs at macro level;
Among the activities to be incorporated in the RASEP framework:

3) To provide hands-on coaching/training to SMEs particularly on Quality, Cost & Delivery (QCD) improvement:
   • Lean Production Systems, Six Sigma, Quality Management system
   • To encourage participation in HSE (Health, Safety And Environment) compliance programmes;

4) To pursue Technical Agreements and Collaborations with the SMEs (including in setting up business matching).
### GSAS TECHNICAL ASSISTANCE AND CAPACITY BUILDING WORKPLAN

### Project timelines, dates of key activities and deliverable outputs:

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<tr>
<th>TIMELINE</th>
<th>KEY ACTIVITIES</th>
<th>OUTPUTS</th>
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<tr>
<td><strong>July 2019 – August 2019</strong></td>
<td>Obtaining approval for concept note at CTI and AD levels</td>
<td>▪ Concept note on implementation of RASEP is endorsed by CTI and AD, and submitted for APEC Secretariat’s Project Management Unit approval for Session 2, 2019</td>
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<td><strong>September 2019</strong></td>
<td>Project Proposal stage and preparation for the workshop</td>
<td>▪ To prepare a full project proposal. In the meantime, preparation for organizing the workshop will also start.</td>
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<td><strong>November 2019</strong></td>
<td>Implementation of RASEP activities</td>
<td>▪ Industry profiling data including OEMs/MNCs and MSMEs within APEC region. ▪ TACB regular progress updates. ▪ Result of the post RASEP assessment and MSMEs achievement.</td>
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<td><strong>In the margin of AD &amp; CTI3, 2020 (tbc)</strong></td>
<td>Reporting of the RASEP activities outcomes to CTI3 &amp; AD</td>
<td>▪ The report of the RASEP activities outcomes to be discussed and endorsed by CTI3 &amp; AD</td>
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<td><strong>CSOM/AMM/AELM (2020, tbc)</strong></td>
<td>Updating the progress to SOM and seeking endorsement from APEC Economic Leaders and Ministers.</td>
<td>▪ The full comprehensive RASEP outcomes’ report will be reported to SOM, AMM and AELM for review and endorsement.</td>
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It is recommended that:

1) A capacity building activity to be carried out through APEC’s Regional Automotive Supplier Excellence Program (RASEP), to be led by Malaysia;

2) AD members to co-sponsor the concept note for the implementation of the APEC’s Regional Automotive Supplier Excellence Program (RASEP)
Thank You

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