

Key Note Address

**“Business Resilience and Implication for ASEAN Economic Community”
by Mr. Isara Vongkusolkit, Chairman of TCC and BOT
On April 20th, 2016 during 11.10-11.35 hrs., Dusit Thani Hotel, Bangkok**

**His Excellency General Anupong Paojinda (พลเอก อнуพงษ์ เผ่าจินดา),
Minister of Interior,**

**His Excellency Dr. Pichet Durongkaveroj (ดร.พิเชฐ ดุรงคเวโรจน์),
Minister of Science and Technology,**

**Prof. Krasae Chanawongse (ศาสตราจารย์ กระแส ชนะวงศ์),
Chairman of ADPC Foundation,
Excellencies,**

**Distinguished Guests,
Ladies and Gentlemen,**

▪ On behalf of the Thai Chamber of Commerce and Board of Trade of Thailand, I would like to express my most sincere thanks to the ADPC Foundation (Asian Disaster Preparedness Center) for inviting me to speak at this conference.

▪ I would also like to extend my most sincere sympathy to the peoples of Japan and Equador for the great loss of lives and casualties suffered by recent earthquake disasters.

▪ As one of the stakeholders in the business most affected by the disasters, natural or otherwise, we are most appreciative to share with you how the private sector can promote and participate in the risk reduction and risk mitigation management.

▪ Asia is the most risk-prone disaster in the world.

- During the past 10 or 15 years, a number of disasters of mega proportion struck right into the heart of Asia and around its Indo - Pacific Ring of Fire.

- We are aware of those natural disaster events that climaxed into a triple tsunami disaster such as in Japan in 2011. The mega flooding of the central part of Thailand in the same year. The 2004 tsunami that struck the Indian Ocean rim countries. The earthquake in Christchurch and Nepal that rocked the Everest. And many other cyclones that hit the Philippines, Vietnam, and Myanmar.

- Untold number of casualties running into hundreds of thousands of lives if not in millions had been lost in the past decades. According to the ADB, and the Center for Research on Epidemiology Disasters, storms and flooding sustained the most casualties and deaths. Earthquakes, tsunamis and droughts came third, fourth and fifth.

- For Thailand we are no strangers to these disasters. We experienced an Indian Ocean tsunami in 2004. A mega flooding in 2011 that destroyed and annihilated our industrial parks, automobile industry, and hard disc drive and semiconductor global value chains all at once.

- Not counting a possible global climate change that may have brought about severe droughts, and so little water for our agriculture, farmers' livelihood and Songkran Festival.

- It is with these natural and man-made disasters in mind that I wish to share with you some moments of a food for thoughts.

**Excellencies,
Ladies and Gentlemen,**

▪ During this time of challenges, business resiliency and adaptation to new disaster risks are well known. In the business view, companies large or SME have to manage risks all the time. There are accidental risks that involve transportation, machinery operations, and interruption of supply chains. These business risks are very much like other disasters and in general, can be managed by three basic sequential conceptual orders.

1. Early Warning System
2. Risk Reduction Management and
3. Post-Disaster Management

EARLY WARNING SYSTEM

▪ Since the 2004 tsunami, Thailand has set up the National Disaster Warning Center or NDWC. It has played a key critical role in changing the MINDSET and the behavior of the community, as well as to combine the efforts of the localized communities among the local governments, the local private sectors and the local communities.

▪ The Thai Chamber of Commerce has 76 provincial networks in each province that can cooperate and participate in the risk mitigation exercises and early warning system. This network also reaches the most of SMEs nationwide.

- Although the LEADING ROLE remains with the Government we could work together across the nation to produce risk assessment plans set the tone for future cooperation.

- Of course, on the regional and international networks, the national networks can work together through the Asian Disaster Preparedness Center or ADPC which was established in 1986. Tailor-made training programs implemented on a region-wide basis can be explored or executed especially for SMEs.

- Regional and international standards and practices can be shared and imparted to organize workshops for both large and SME companies to achieve their goal.

RISK REDUCTION MANAGEMENT

- On the Risk Reduction Management, the UNISDR data reveals that when a disaster struck, the private sectors pay more for the disaster losses. For the recent 2011 Thailand mega flooding, 90 percent of losses were paid by manufacturers, SMEs, farmers, and insurance companies. The Government paid only 10 percent.

- This is why the SCG or Siam Cement Group launched its Business Continuity Management or BCM to develop Business Continuity Plan or BCP to mitigate any possible risks. Even before the 2011 flood and during the long years of political struggles and turbulent times both here in Bangkok and in the provinces, the SCG set up its

corporate BCM office at the center to continuously monitor and assess risks.

- Mitr Phol has also launched risk and crisis management since 2011.

- For safety reasons, Mitr Phol employs several loss prevention systems.

- By monitoring plant operation incidents such as fire hazards, and flooding.

- By continuously accessing insurance and auditing, Mitr Phol has managed to reduce premiums on its insurance fees.

- For business continuity, we use the business continuity plan:

- By having several suppliers instead of few. This helps preventing disruption of supply in case of disaster emergency.

- By locating plant operations in various locations helps Mitr Phol mitigates risks in case of occurrence of natural disasters.

- By sharing consolidating spare-parts will ensure spare-part continuity in case machinery breakdown.

- Our strategy is focused on preventing farming risks to ensure sugar cane supply. In order to mitigate the weather related to disasters such as droughts and floods, we launched water management programs among our network of farmers, comprising 30,000 households. The irrigation programs benefited the farmers with respect to their water management techniques.

- In addition, Mitr Phol Research and Development Centre developed research on a variety of sugar canes that grow well with different climates and geographical conditions.

- We developed a weather forecasting system and combine it with farm management. Our plant operations conserve the use of water, recycle, and reuse to minimize water consumption.

- For SMEs, the tailor-made training programs should provide for hand on risk assessment and business continuity plan (BCP).

- The SME insurance premium for natural disaster that SME could be reach. For example, Thaivivat insurance launched agriculture crop insure program last year after drought hit Thailand.

- The Chamber of Commerce network could make SME programs possible, for the Thai Chamber, we are also active on various SME programs.

POST-DISASTER MANAGEMENT

- Finally, the Post-Disaster Management must be put in place. Typically, most of the time the responsibility falls in the hands of the Government.

- But in the case of Toshiba Thailand in the 2011 central plain flooding, the private sector has a vital role to play.

- In 2011, the Toshiba Thailand plants were flooded with 10 of its units under two meters of water for 45 days.

- By sharing hardship, K. Kobkarn, the former President of Toshiba Thailand, and current Minister of Tourism employed good relations and cooperation with the local community and plan the Post-Disaster Management with them.

- A dyke project of 5 meters high and 4.5 kms surrounding the industrial park were built together with a pumping station was completed within a year. The infrastructure is expected to safeguard the plants and boost up their confidence.

- For the SME, post-disaster the soft loan is needed to restore business. Government, financial institutes or large private sectors may provide rehabilitate funding or program in order to recover SME's business as such jobs creation by employ locally.

CONCLUSION

- In conclusion, it is of utmost importance that both the public and the private sectors join hands and work together in implementing these three pillars as it is very difficult to second guess the Mother Nature.

- As Robert Scott, a CEO of Morgan Stanley once said, **"If you wait for a crisis to begin to lead, it's too late."**

- So we had better be prepared. Thank you,
