Trade Facilitation and the Role of Government in Digitization

Submitted by: Australia
SME agility & Women and COVID-19 impact on inclusive growth
PANEL MEMBERS

Ajay Sharma
Regional Head of Global Trade and Receivables Finance
HSBC Asia Pacific
PANEL MEMBERS

Eunice Huang
Trade Policy Asia-Pacific
Google
SMEs and the digital safety net

GTPA Workshop
28 Oct 2020
SMEs that Export...

- **4X Revenue** vs non-exporting SMEs
- **$1,700** more in individual monthly worker wages
- **35M Jobs** could be added if the number of exporting SMEs doubled
SMEs that use the Web...

- **82%** Reduction in export costs
- **4X Growth** rate vs offline SMEs
- **8X Job Growth** rate vs SMEs who have not adopted advanced mobile technologies
Digital tools became a priority during COVID-19

- 85% of SMBs say COVID-19 made them rethink their approach to digital tools
- 72% of SMBs increased use of digital tools during COVID-19
- 48% of SMBs deployed at least one new digital tool during COVID-19

Source: Digitally Driven report
Digital SMEs estimate 2x more revenue and sales

Had e-commerce pre-COVID-19

- Reduction in projected revenue: -12%
- Reduction in projected sales: -11%

Did not have e-commerce pre-COVID-19

- Reduction in projected revenue: -21%
- Reduction in projected sales: -20%
They participate more in international trade, even during COVID
Women-led SMEs were less digitally prepared for COVID

Compared to men-led SMEs, women-led SMEs were...

- **10%** less comfortable with digital before COVID-19
  - Project **6%** less revenue for 2020
- **15%** more likely to not be a digital frontrunner SME
- **11%** less increase in use of digital during COVID-19
  - **8%** more reported closing physical locations
- **9%** more reported temporarily closing business
- **5%** more reported reduced customer demand
Digitization of SMEs will continue after COVID-19

- Interested to learn more about digital tools for their business:
  - Drivers: 65%
  - Adopters: 58%
  - Maintainers: 47%

- % planning to use tools more after COVID-19:
  - Drivers: 66%
  - Adopters: 49%
  - Maintainers: 40%
Growing digital SMEs...

- Scale solutions to digital access and education
- Increase funding streams, including trade finance
- Enable SME access to low cost and free digital services
- Proactively reduce digital trade barriers and foster interoperability
PANEL MEMBERS

Emmanuel A. SAN ANDRES
Analyst
Policy Support Unit
APEC Secretariat
COVID-19, 4IR, and the Future of Work

Emmanuel A. San Andres
Analyst
APEC Policy Support Unit

Workshop on
Building Resilient Supply Chains in APEC
28 October 2020
COVID-19 is a human, health, and economic crisis

- APEC-wide daily reported cases and deaths have not slowed down as of September 2020
- A deep economic contraction in 2020 due to the negative impacts of COVID-19
- Containing the pandemic is a prerequisite for economic recovery and resilience
4IR has been underway; COVID-19 can hasten it

**Before the pandemic,**
- firms adopt automation to:
  - **Lower labour costs**
  - Savings from capital investment outweigh labour costs.
  - **Keep up with market innovation**
  - 4IR technologies are developing rapidly.
  - **Speed up routine tasks**
  - Automation of repetitive processes found in blue- and white-collar jobs.

**After the pandemic,**
- firms may speed up automation to:
  - **Reduce risks**
  - Protection from liability to workers.
  - **Observe new guidelines**
  - Social distancing is now required.
  - **Cushion financial impact**
  - Automation as a cost-saving measure.
COVID-19 and 4IR impacts are not equal
Even well-meaning policies can have unintended consequences

- Low interest rates intended to encourage bank lending and keep firms operating could also encourage them to invest in automation.
- Immunity passports could constrain labour supply and increase uncertainty.
- Support packages for MSMEs could encourage business’ adoption of digital solutions.
- Restrictions on labour mobility can discourage the hiring of workers.
Need to promote innovation while addressing social impacts

- **Expand social safety nets**
  - Protect workers’ livelihoods and ensure their basic needs are met.

- **Monitor automation trends**
  - Work closely with the private sector for a deeper analysis of 4IR issues.

- **Support upskilling and retraining**
  - Adapt skills training programmes to the needs of the post-pandemic digital economy.

- **Humanise 4IR ecosystems**
  - Put people first in digital economy policy.
Find out more
APEC Online and Social Media

COVID-19, 4IR and the Future of Work

APEC Regional Trends Analysis
https://www.apec.org/Publications?Category=&Keyword=APEC+Regional+Trends+Analysis
Find out more
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@APEC

@Rebecca_APEC

@apec

APEC – Asia-Pacific Economic Cooperation
SMEs vary in terms of size and revenue between them and across regions. Yet, overall, SMEs find more obstacles to participate fully in global supply chains.

Do the current transformations in supply chains under the COVID-19 pandemic offer new opportunities for SMEs in global supply chains? If yes, how can they better seize those opportunities?
What is “agility” and how can SMEs use it in their favour?
What are some of the best practices from which SMEs can learn from other more agile and resilient SMEs during the COVID-19 pandemic?

What makes an SME resilient and agile?
How can governments and industry organizations support SMEs from a policy and commercial point of view to successfully participate in global supply chains, while building resilience and agility?
Given the substantial weight of SMEs in the creation of jobs worldwide, the speed of their recovery will have a big impact in the recovery of the global economy after the pandemic.

What incentives and policies for SMEs can support the creation of jobs and their engagement with global supply chains?
How have SMEs owned/by women have been impacted differently to bigger companies and businesses owned or run by men during the COVID-19 pandemic?
What obstacles do SMEs owned/run by women usually face when participating in global trade and supply chains, especially in LDCs and rural areas?
What specific policies and incentives could facilitate the successful participation of women in supply chains?
What are the implications of a regression in gender equality, including economic equality, as a result of the current COVID-19 pandemic, for the legitimacy and future of global trade?
Global trade was not inclusive before the COVID-19 pandemic. As a result, the most vulnerable groups, including women, have been badly affected. What can businesses and governments do differently in a post-pandemic context to make trade more inclusive and resilient?
With the support of project partners