



Asia-Pacific
Economic Cooperation

Empowering women through trade: Small businesses and digitization

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APEC SERVICES COMPETITIVENESS ROADMAP
ANNUAL DIALOGUE 2023

Inclusive Growth – Gender and Trade in Services
Detroit, MI USA • 18 May 2023

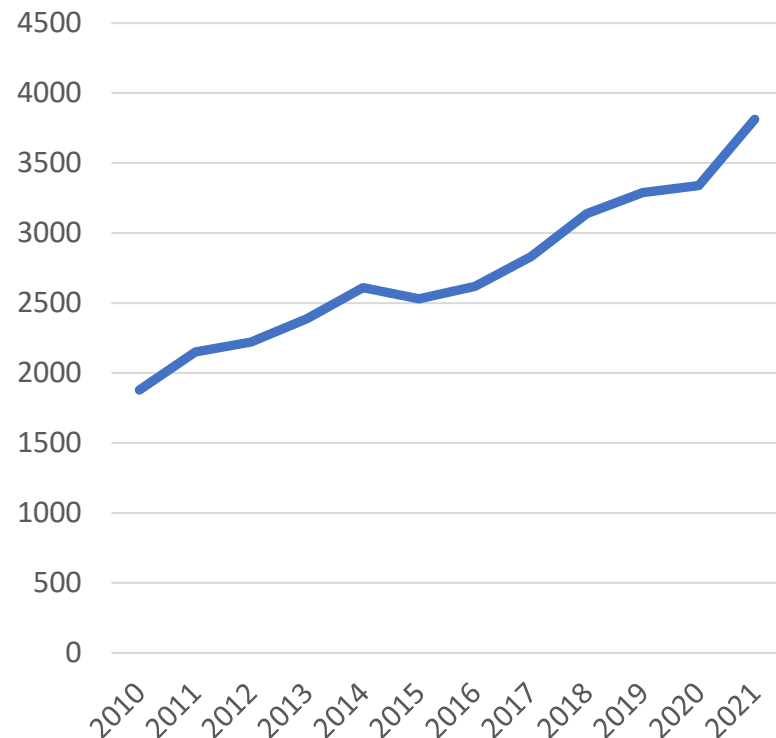
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The rise of cross-border digital trade

Exports of global digitally-enabled services (\$ billions)



- Trade in digitally-enabled services has grown significantly over the past decade.
- Exports of digitally-enabled services have more than doubled since 2010 and continue an upward trajectory.
- Digital platforms and tools, including digital payments, enable providers to expand their customer base beyond their national borders and provides customers with a greater variety.
- This dynamic represents a significant opportunity for small businesses.

Source: UNCTAD



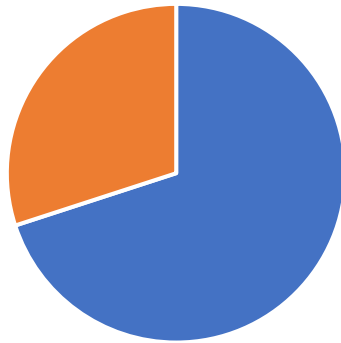
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Barriers to digital trade flows are increasing

- Barriers to cross-border data flows are increasing.
 - Global Trade Alert's [Digital Policy Alert](#) identified over 250 policy or regulatory changes affecting the digital economy in just ten weeks in Fall 2022.
 - The Information Technology & Innovation Foundation (ITIF) show that [data localization measures have more than doubled in four years](#). As of 2021, 62 economies had imposed 144 restrictions, with many more under consideration.
 - Such measures have demonstrably negative economic impact. The World Bank, in its [2020 World Development Report](#) estimated that reducing data restrictions on trade in services would enhance productivity by about 5 percent.
 - [ITIF research](#) finds that a 1 point increase in data restrictiveness cuts trade by 7 percent, reduces productivity by nearly 3 percent and increases prices by 1.5 percent over 5 years.
 - This is serious for economies. And also a significant problem for small businesses, cutting off the potential for scale. A [recent WEF report \(2023\)](#) identifies overlapping regulations and lack of transparency in regulations on cross-border data flows as major challenges for SMEs.



Why is this a gender issue?



70%

of new value created over the next decade will be based on productivity gains from digital technology adoption

Source: WEF (2021)

But a digital divide persists:

Internet access

Women remain less than 7 percent less likely to own a mobile phone and are 16 percent less likely to use the mobile internet
---- (GSMA 2022)

Digital skills

"Women and girls are 25 percent less likely than men to know how to leverage digital technology for basic purposes..."
---- (UNESCO/EQUALS 2019)

Financial inclusion

Men make and receive digital payments at rates that are 7 and 6 percent higher than women
---- (WB Findex 2022)



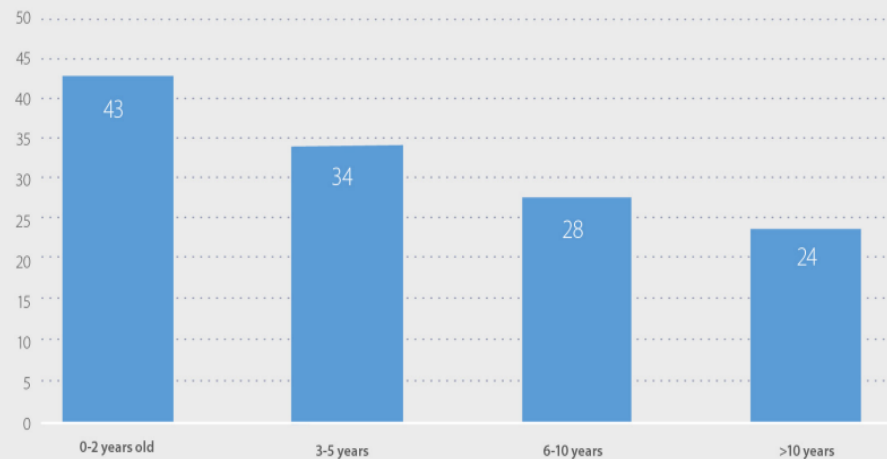
We are seeing some green shoots of hope in the area of international trade

Recent [VEEI research](#) (2022) notes the larger number of women-led startups that emerged during the pandemic

More than 40 percent of firms born in the last two years are run by a woman. This compares to less than 25 percent for firms that are ten+ years old.

These young firms tend to elevate women more; nearly 40 percent of those with female CEOs also have majority female management teams.

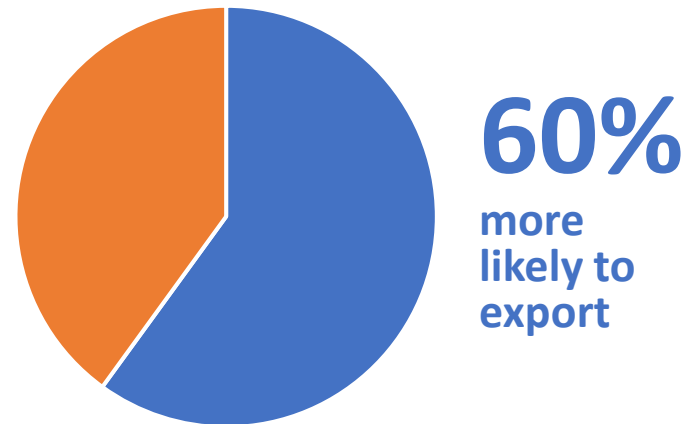
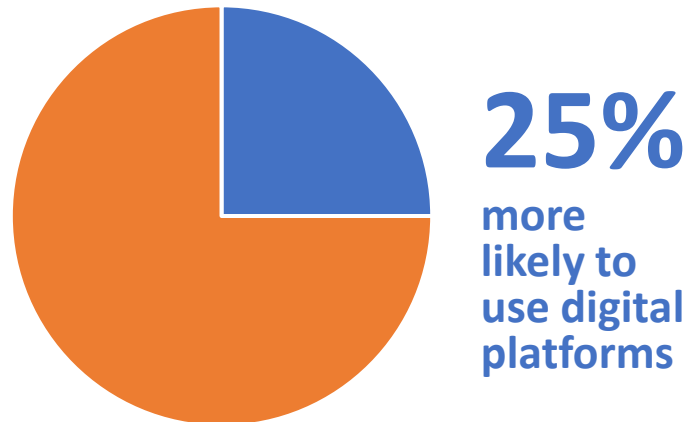
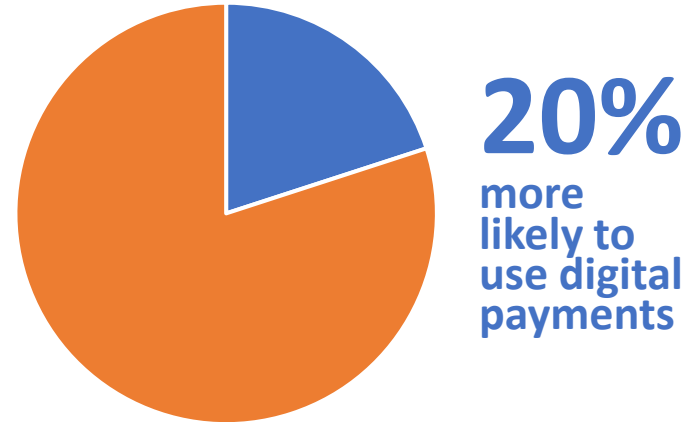
Figure 6. Women-led firms (%) by firm age
See Annex 1 (page 37) for more information



Source: Kotschwar. 2022. [Digital, diverse, and going global: a new dawn for women-led firms](#).

Digitization and trade are key to success for women-led firms

Women-led small businesses in our sample that grew by 5 percent or more during the last 2 years have 3 things in common:



Why should services negotiators care about the digital gender gap and small businesses?

- Research by the Boston Consulting Group (BCG) shows that if women and men participated equally as entrepreneurs, global GDP could rise by approximately 3% to 6%, boosting the global economy by \$2.5 to \$5 trillion.
- Recent IMF research shows that increasing digital financial inclusion in payments can boost annual economic growth by up to 2.2 percentage points (Khera et al., 2021).

15 JULY 2004



- 15 JULY 2004

What should services negotiators do?

- **Create a more open environment for digital trade.** Policies that restrict digital trade also restrict the potential of small women-led firms who, our surveys find, are gaining ground by going global.
 - Avoid restricting cross-border data flows
 - Consider a mechanism for [economic cooperation](#)
- **Focus on programs and policies that enhance digital skills for women.**
 - Visa has partnered with USAID and the e-Trade Alliance to produce a [Roadmap for empowering women-led firms in ecommerce and the digital economy](#) that sets out ideas and best practices for empowering women entrepreneurs in a digital economy.
- **Encourage a holistic mix of policies to support women and provide safe spaces to start and build their business ventures.**
 - Ensure gender-neutral access to infrastructure and technologies
 - Foster digital skills development for girls
 - Ensure that the ecosystem is based on trust and security



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