

MSMEs Facing the Reshaping of Global Supply Chains

Spotlight on Women-led MSMEs

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Outline

Realities in APEC economies (and globally):

- ***Global Supply Chains (or GVCs)***: evolving and changing trade patterns already impact firms and economies (but perhaps not as much as feared?)
- ***(M)SMEs***: the backbone of the APEC economies (97%),* yet their role in trade and the impact of the changing GVCs on MSMEs are underappreciated
- ***Women***: own and/or lead many MSMEs, but they are held back (gender gaps persist) especially when it comes to trade
 - **Reshaping of GVCs and impacts on women-led and women-owned MSMEs: how and why are women impacted differently, and what to do about it?**

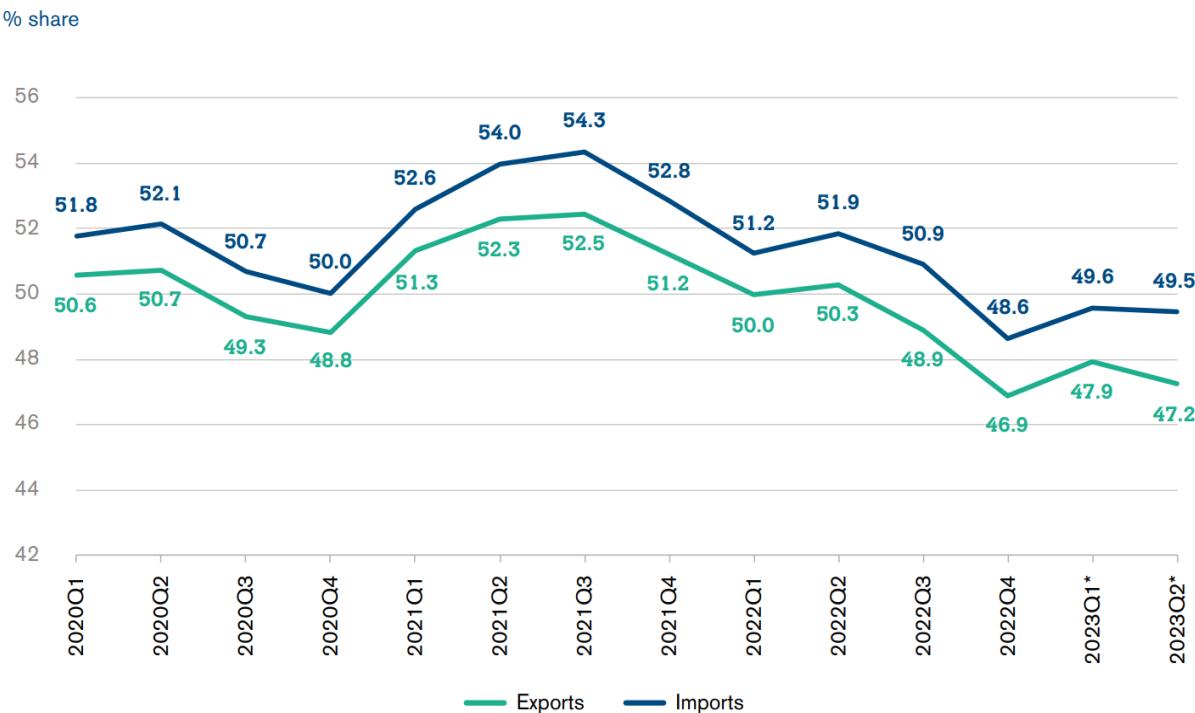
* MSMEs Ministers Chair statement 2023

GVCs reconfiguration and APEC economies

- GVCs account for over half of world merchandise trade (with high diversity across economies and sectors)
- Since the pandemic, focus on GVCs **resilience seeking** (by policymakers and firms)
- Reshoring, near-shoring and/or friend-shoring (ally-shoring) \Rightarrow **fragmentation** (note: all recent estimates point to global and individual economies' GDP/ welfare **losses**)
- These measures have sparked some changes in trade patterns, but still limited evidence on reversing globalization based on GVCs

One indicator of the extent of global supply chains in global trade is the share of intermediate goods in world trade:

Chart 10: Intermediate goods share in world merchandise trade excl. fuels, 2020Q1-2023Q2



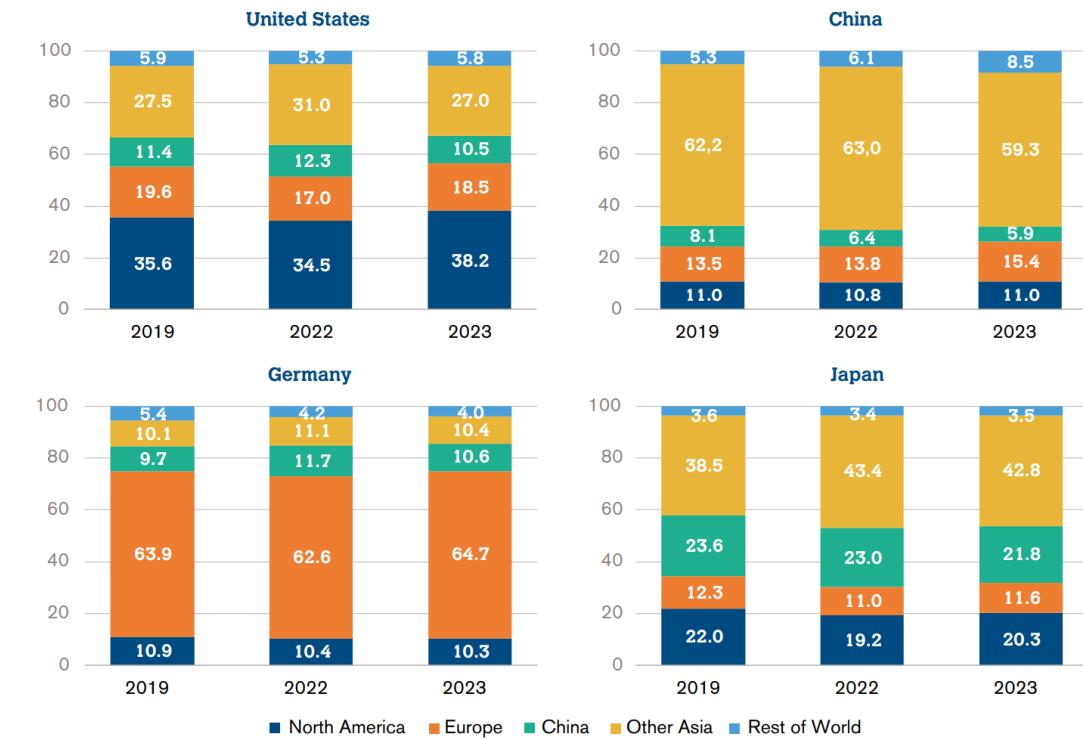
* Preliminary data based on 100 available reporters in TDM.

Source: WTO estimates based on data from TDM.

Yet some evidence that trade may be reorienting along regional and political lines:

Chart 11: Total bilateral trade in parts and accessories, 2019-2023 (January-July)

% share



Note: Parts and accessories are defined in terms of the Broad Economic Categories (BEC) trade classification as the sum of codes 42 and 53.

Source: National customs statistics accessed through TDM.

MSMEs and GVC trade

- MSMEs benefit from GVCs (based on WB and WTO, 2019) and those engaged in trade more are *more likely to survive and grow*:
 - Backward participation :
 - direct imports of inputs or indirect imports
 - wider access to:
 - more sophisticated and competitively priced imports
 - new technologies
 - inputs that may not be available domestically
 - Forward participation
 - direct exports of intermediate products or indirect exports
 - the possibility to focus on specific segments of the production chain (specialization, efficiency)

APEC MSMEs participation in GVCs

- 30% (direct) of APEC exports (2021), but still a very small proportion of all SMEs do export (around 2% in 2020)
- WHY? Looking at the **connectivity** perspective – lack of targeted support to facilitate MSMEs' access and integration into Global Supply Chains (*Chokepoint 5, APEC PSU 2023*)
- The policies that APEC PSU (2023) collected are the following (next slide)



Policy practices to remove ‘Chokehold 5’

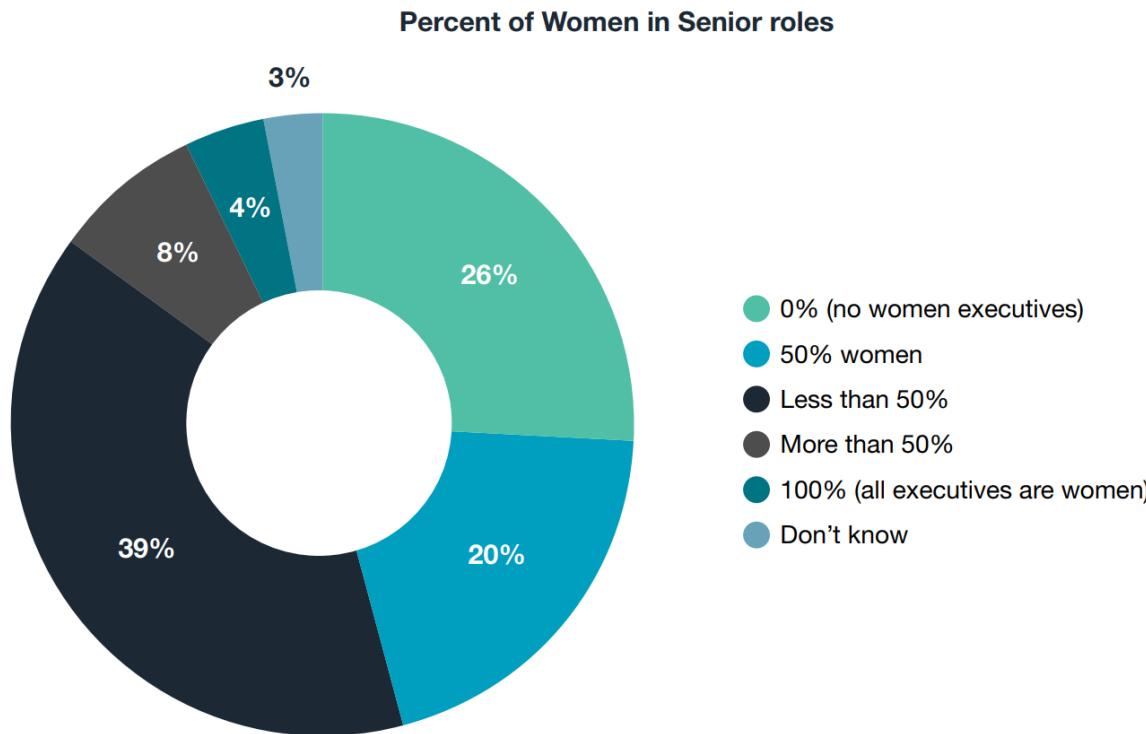
- nurturing MSME adaptation and resilience in an evolving market landscape
- empowering MSMEs for innovative integration
- advancing MSMEs in the tourism sector
- unlocking financing, market access and capacity building
- enhancing dispute resolution for MSMEs in cross-border trade
- fostering collaborative strategies and supportive measures for inclusive MSME engagement in AEO programmes
- driving digital transformation and empowering digital solutions for MSMEs

Is there something (or rather
SOMEONE) missing from the
above list?

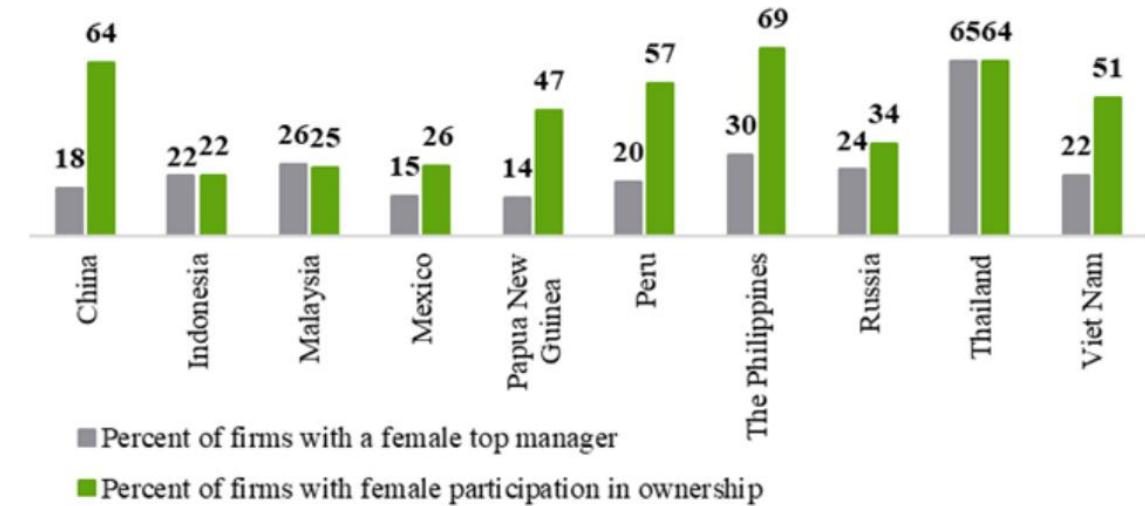
Only via
ABAC 2022

Women and MSMEs' trade/GVCs

Only 19% of SMEs are led by a woman



**Women in leadership roles in the private sector
(2020, % of firms)**



Source: World Bank Gender Statistics and GGGR

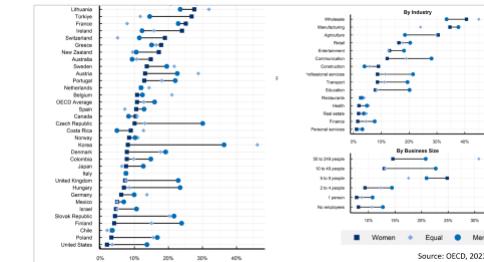
Source: APEC/CTO GSC Resiliency Survey SMEs (2021)

Source: APEC Dashboard, 2023

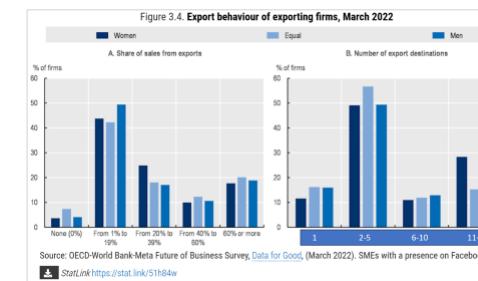
OECD (2023) study shows

- Gender EXPORT GAP - In 2022, only 11% of women-led SMEs exported, compared to 19% of men-led firms

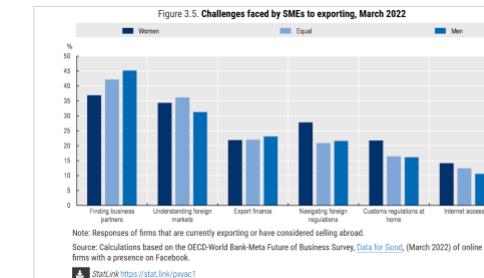
- By economy
- By sector
- By firms' size

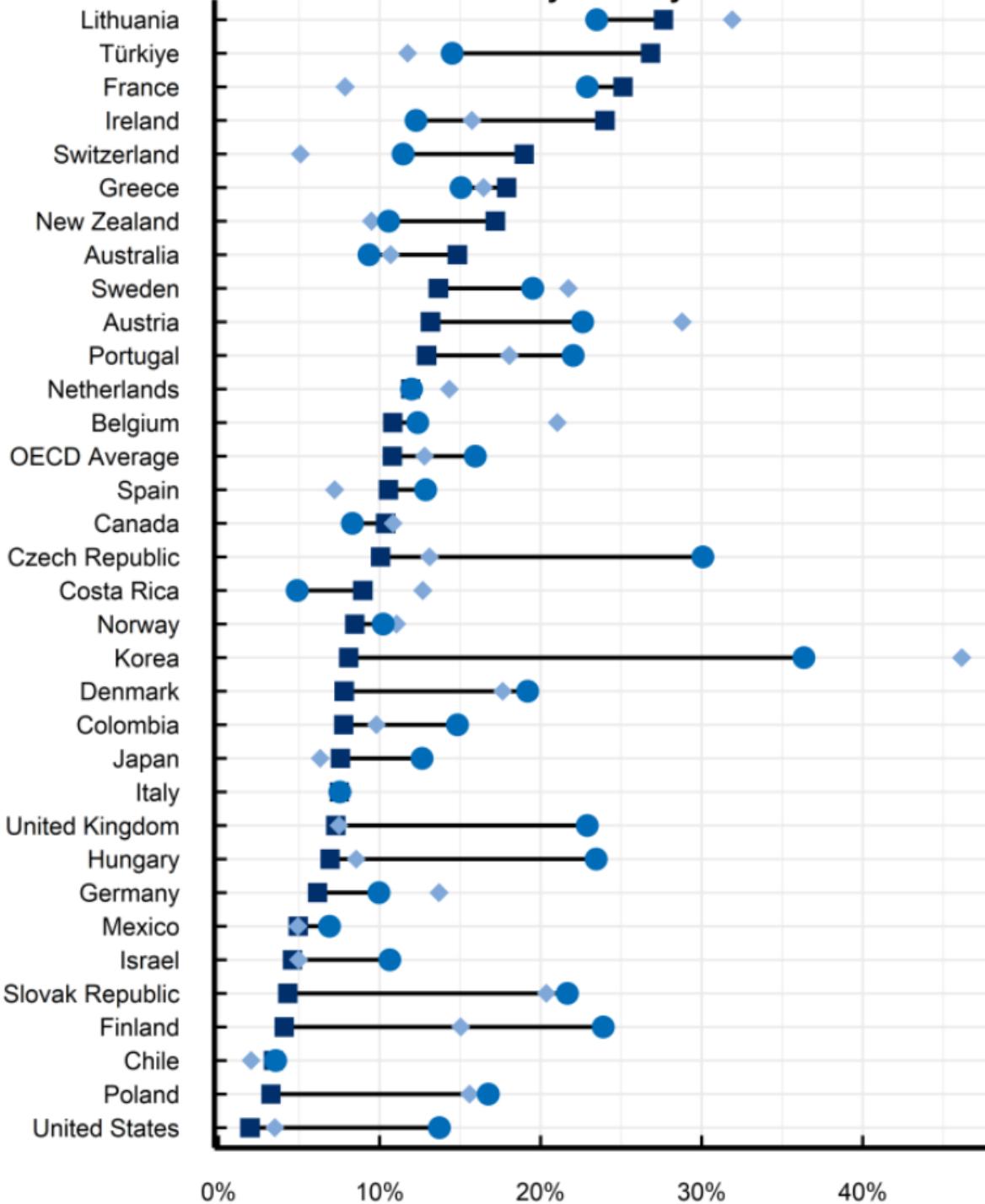


- While women-led businesses are generally less likely to export than men-led businesses, those that do sell to foreign markets display similar export patterns to those led by men

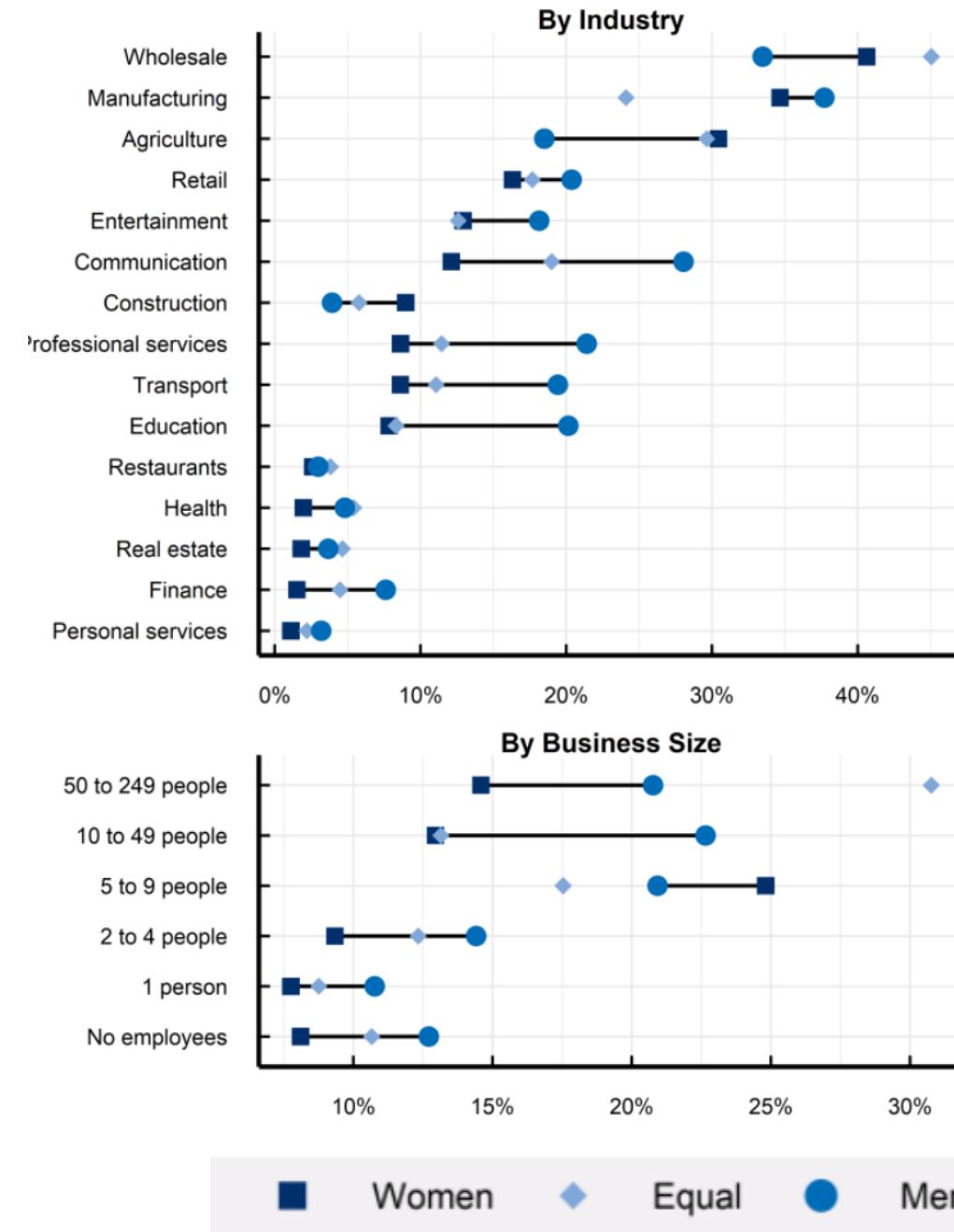


- When exporting, **almost** similar challenges faced





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Source: OECD, 2023

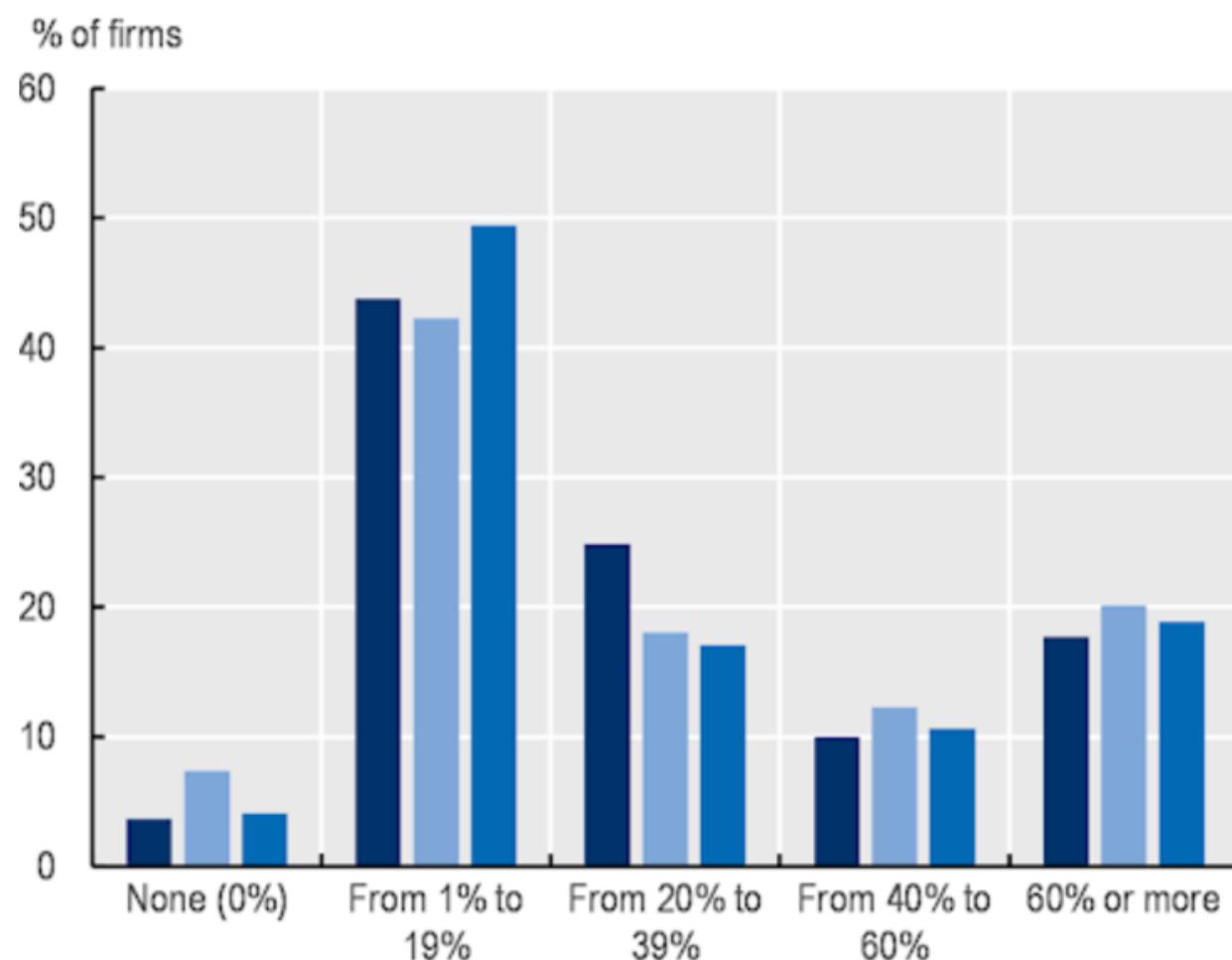
Figure 3.4. Export behaviour of exporting firms, March 2022

Women

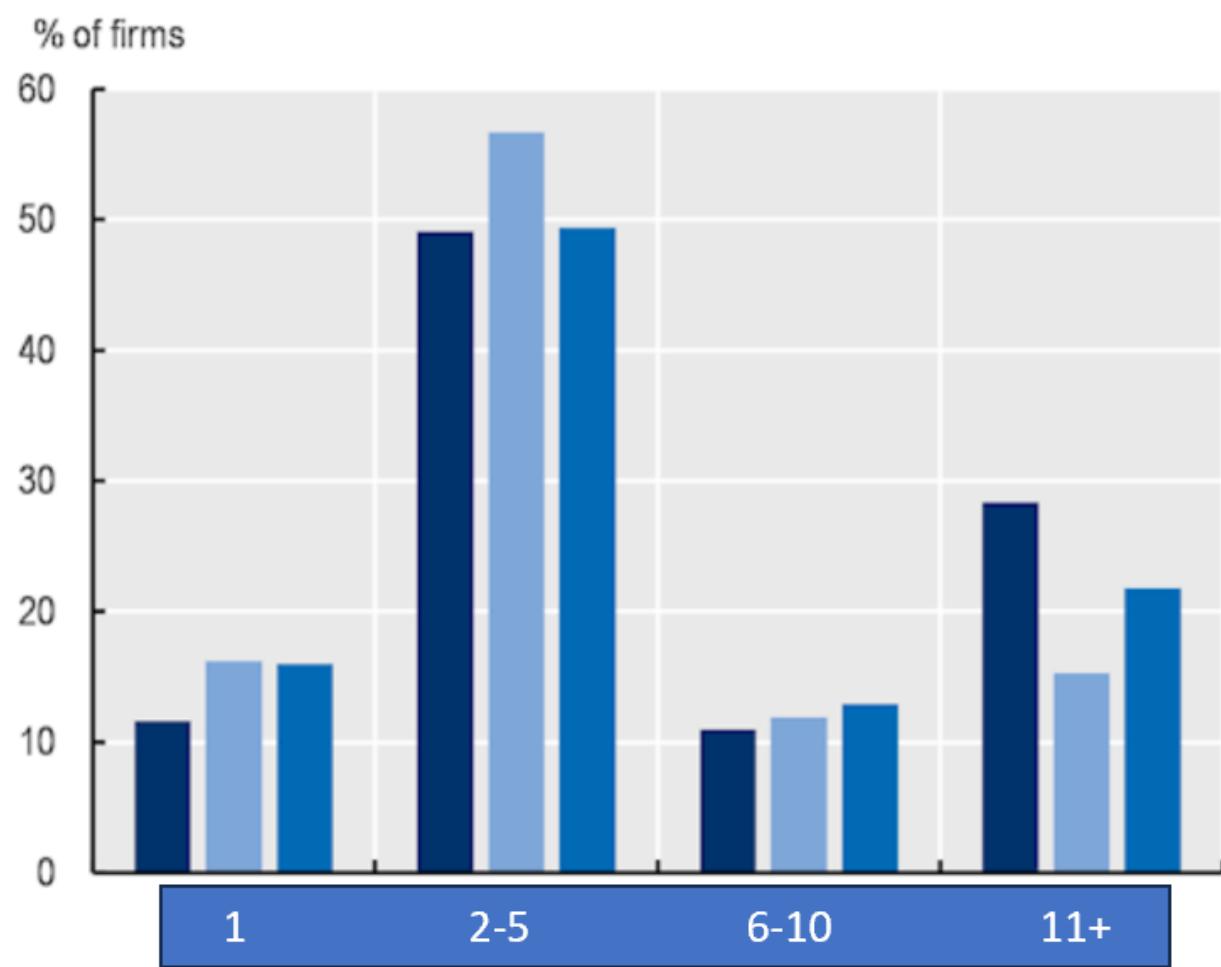
Equal

Men

A. Share of sales from exports



B. Number of export destinations

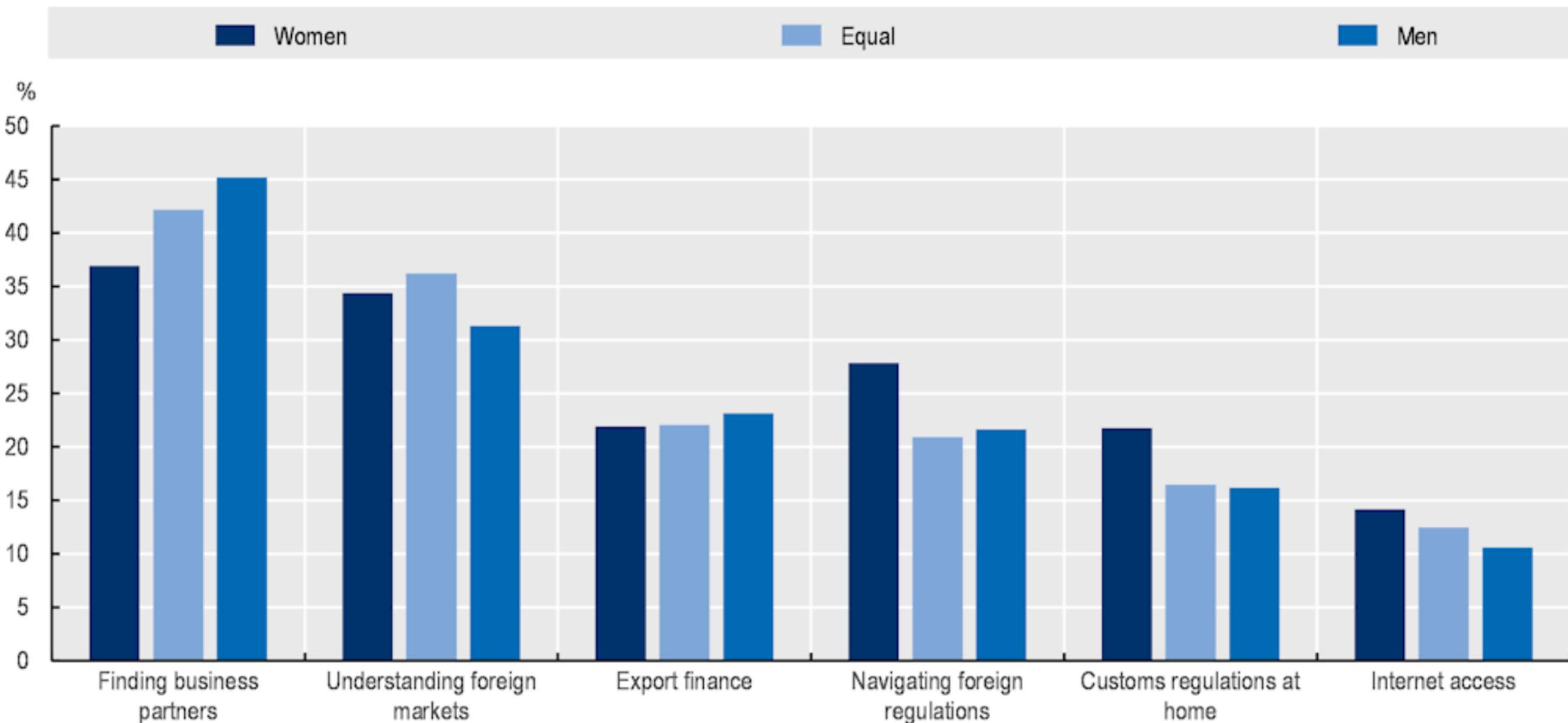


Source: OECD-World Bank-Meta Future of Business Survey, [Data for Good](#), (March 2022). SMEs with a presence on Facebook.



StatLink <https://stat.link/51h84w>

Figure 3.5. Challenges faced by SMEs to exporting, March 2022



Note: Responses of firms that are currently exporting or have considered selling abroad.

Source: Calculations based on the OECD-World Bank-Meta Future of Business Survey, [Data for Good](#), (March 2022) of online firms with a presence on Facebook.



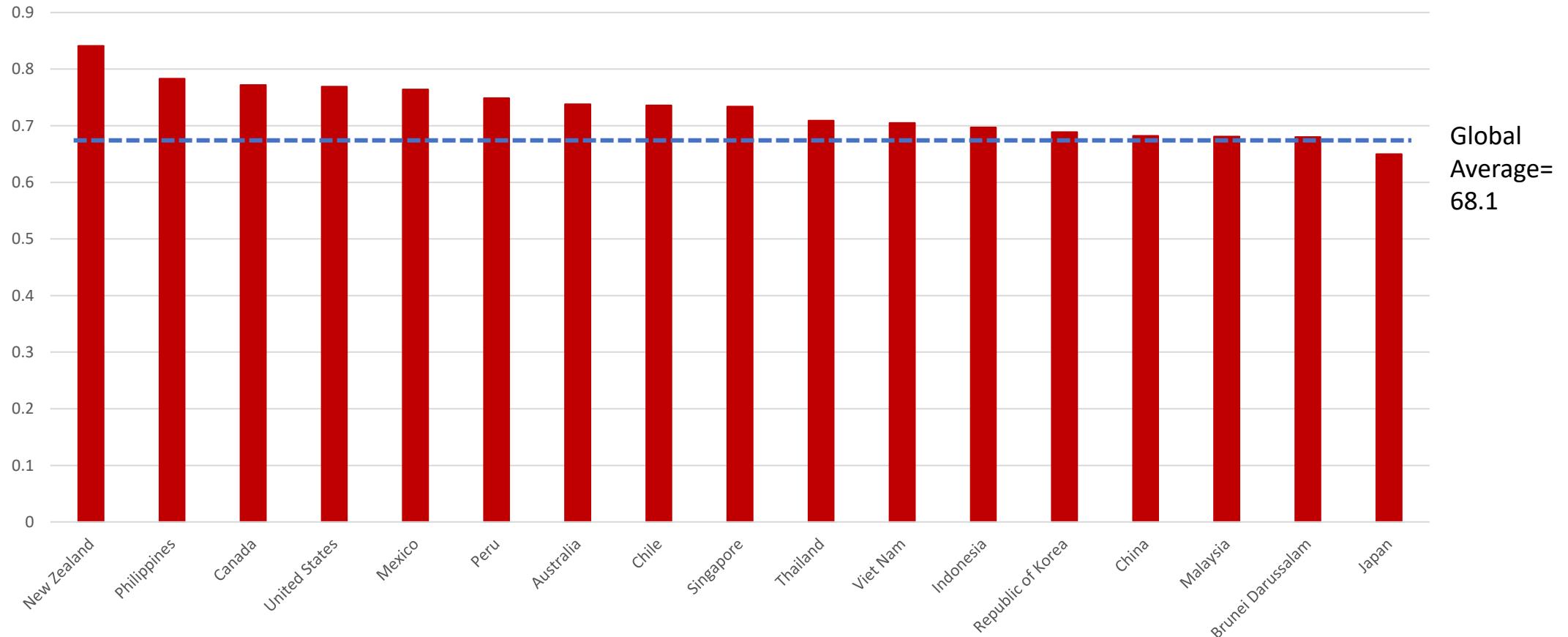
StatLink <https://stat.link/pxyac1>

Obstacles faced by women-led MSMEs

- Linked to the dominant sector of operation being **services**
 - Some still less traded/tradable
 - High trade costs (and mostly related to policies)
 - Higher percentage of barriers related to other sectors
 - ❖ [Some interesting information on Gender and Trade in Services webpage \(linked from APEC GOS\) including on APEC Logistics Services](#)
- Linked to the size of business
 - Small (revenue, employment) so fixed costs higher (information, customs, regulation)
 - Limitation to growth (supply and cost of finance; less collateral, risk averse)
- Use of digital solutions
- **And variety of constraints linked to social norms, cultural, legal, etc discrimination or bias and often summed up by persistent TIME POVERTY experienced by women** (see APEC Women and the Economy Dashboard 2023)
- *For example, for ranking at the Global Gender Gap scale:*

Gender gaps

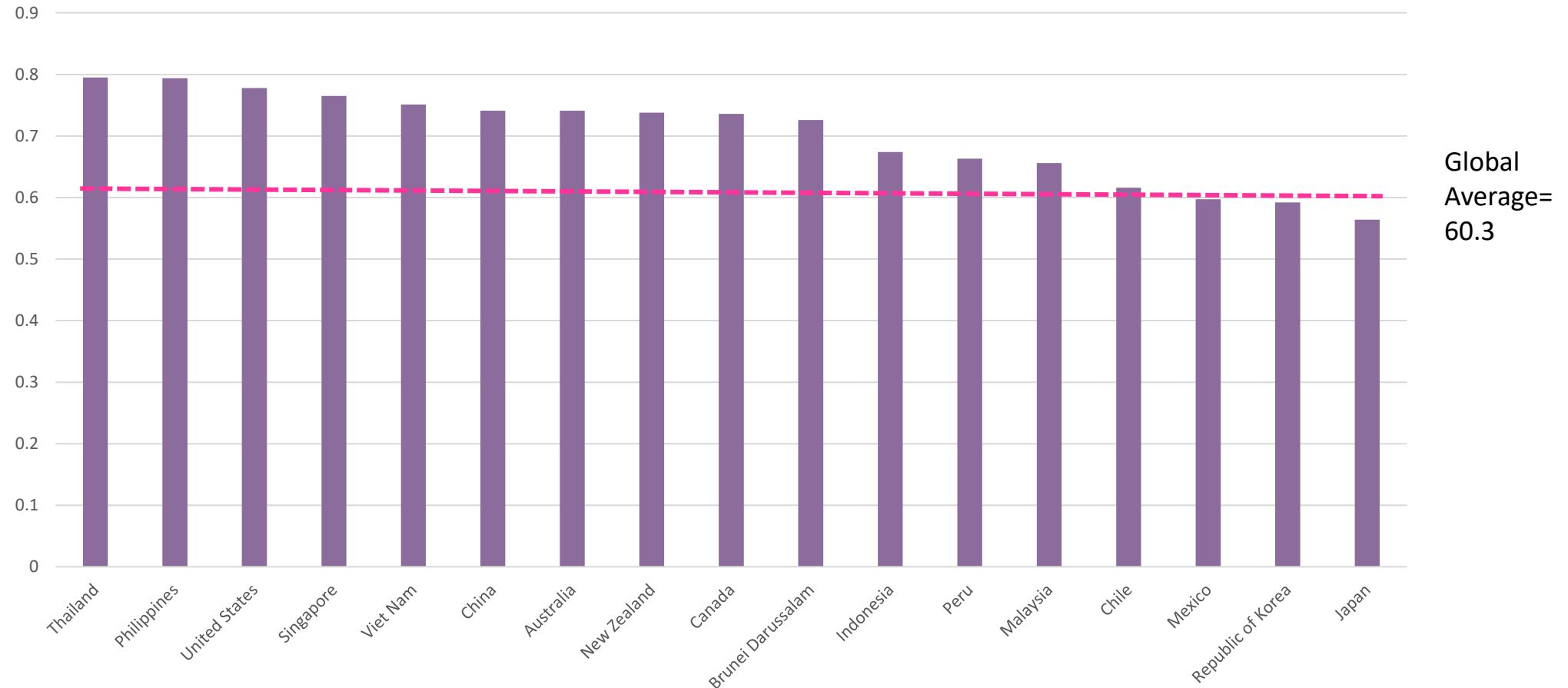
In some cases, the gender gaps are bigger in high- and middle-income than in emerging economies.



Source: Global Gender Gap Index 2022, World Economic Forum

Note: Scores range from 0 to 1; 1=parity (no gap)

- Vertical segregation and gender wage gaps persist; more so in high-income economies

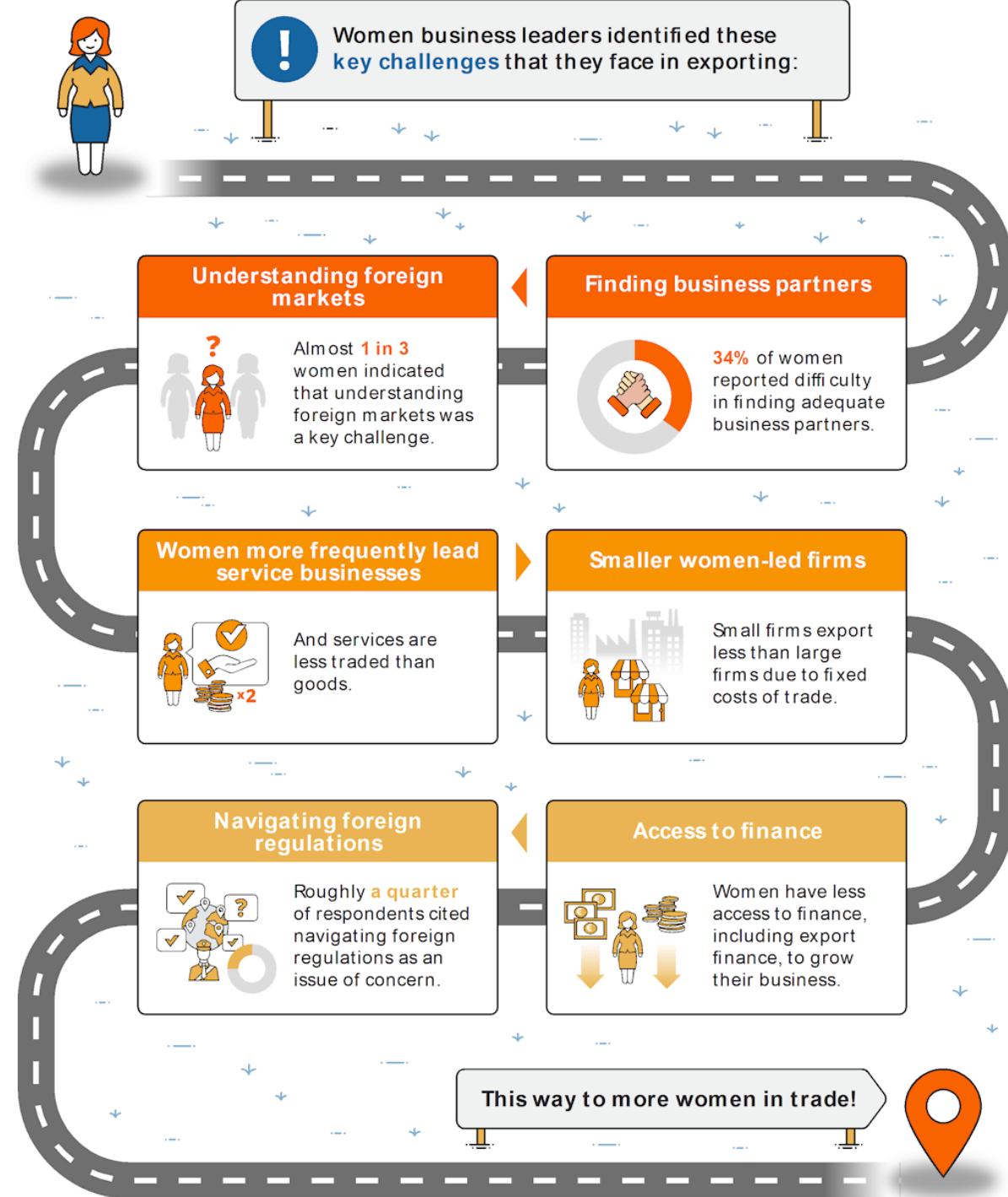


Source: Global Gender Gap Index 2022, World Economic Forum

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Recommendations for policy action

- First and foremost, apply a **gender lens** to economic and trade policies, including trade agreements (requires gender impact analysis and closing gender data gaps)
- Ensuring **professional and business networks** are inclusive, promoting women's leadership
- Ensuring inclusive access to the Internet, **digital spaces** and promoting digital literacy
- Ensuring **trade promotion services** cater for women exporters specific concerns
- Development of novel **finance** tools to give women equal access – or even preferential access – to business and trade finance plus promote financial literacy
- Ensuring access to **government procurement**
- Contribute to **reducing TIME POVERTY** (paid child care, access to affordable care, equal pay, etc)



Source: OECD 2023

See more in

- ABAC, [Report to the APEC Economic Leaders](#), 2022
- APEC CTI – [APEC Key Trends GVC Resiliency Survey –SMEs](#) 2021
- APEC PSU, [Measuring Progress on the Supply Chain Connectivity Framework Action Plan \(SCFAP III\) 2022–2026: Indicators and Policy Practices](#), 2023
- APEC PSU, [The APEC Women and the Economy Dashboard](#), 2023
- APEC PSU, [Overview of the SME Sector in the APEC Region](#), 2020
- APEC SMEWG, [Summary Report APEC Workshop on SME's Participation in the Global Value Chains During and Post COVID-19 Pandemic 20 - 21 April 2023](#)
- Crowe, D. and Ł. Rawdanowicz, [Risks and opportunities of reshaping global value chains](#), OECD Working Paper 1762, 2023
- Dadush, U. [The policy response to global value chain disruption](#), 2023
- Korinek, J. et al., [Women are less engaged in trade: Why, and what to do about it](#), VoxEU column, 25 Sep 2023
- Mikic, M. [Supply Chain Resilience: Built-in, not Commandeered](#), 2023
- Mikic, M. [Toward Future-proofing Global Value Chains](#), ADB, 2023
- Mikic, M., B. Nag and S. Stephenson, [Supply Chain Resilience, Friend-shoring, and the Pursuit of Non-Economic Objectives](#), T20 Policy Brief, June 2023.
- OECD, [SME and Entrepreneurship Outlook 2023](#) (Chapter 3 Women-led firms in international trade), 2023
- UN, [Global Survey on Digital and Sustainable Trade Facilitation](#), 2021
- WTO [Global Trade Outlook and Statistics, Update](#): October 2023
- APEC GOS [Gender and Trade in Services webpage](#) and materials posted there

Thank you
for your
comments

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