



ESCAP Sustainable Business Network



Asia-Pacific Business Forum

ASIA-PACIFIC BUSINESS FORUM 2020

“The Future of Global Value Chains and Implications for SMEs”

30 October 2020

Global value chains (GVCs), the full range of activities (design, production, marketing, distribution and support to the final consumer, etc) that are divided among multiple firms and workers across geographic spaces to bring a product from its conception to its end use and beyond, have evolved as the driving force of globalization and regional integration in Asia and the Pacific, and in turn have been driven by it in a virtuous cycle. GVCs, led by the world’s leading multinational enterprises (MNEs), have in particular created opportunities for the region’s small- and medium-sized enterprises (SMEs) to forge backward and forward linkages, access regional and world markets and, as a result, strengthen competitiveness and expand their business. This, in turn, has helped many people to find productive work and reduce their poverty. As the World Bank notes, “GVCs are a powerful driver of productivity growth, job creation, and increased living standards. Countries that embrace them grow faster, import skills and technology, and boost employment.”¹

Globalization has enabled trade and investment to grow rapidly by reducing trade and investment barriers. GVCs dominate global and regional trade and investment. About 70% of global trade takes place through GVCs. Thanks to trade and investment, world economic growth has grown rapidly too, and exports make up about 25% of world economic output.²

However, the benefits of the wealth generated by globalization, and trade and investment in particular, has not been equitably shared and income inequality across the world has risen significantly. According to an ESCAP report, in Asia and the Pacific, the region’s combined income inequality, measured by the Gini coefficient, has increased by over 5 percentage points in the last 20 years. This goes contrary to almost all other regions. Income inequalities grew in almost 40 per cent of all countries.³

This has created a backlash to globalization resulting in increased nationalism and protectionism across the world, including the trade tensions between the region’s economic powerhouse, China, and the United States. These tendencies have undermined the growth of GVCs and in fact, led to a consolidation and shortening of many GVCs around the world in recent years. Recurring natural disasters have also affected GVCs and SME operations and the Asia-Pacific region is home to most of these disasters worldwide. With a warming climate, these disasters are expected only to worsen in the decades ahead. Then, as Covid-19 struck the world hard in 2020 leading to global shutdowns, the world economy has witnessed a sharp drop in world GDP and trade and investment. The WTO predicts double-digit declines in exports and imports in 2020

¹ <https://www.worldbank.org/en/topic/global-value-chains>.

² <https://ourworldindata.org/trade-and-globalization>.

³ <https://www.unescap.org/commission/74/files/Inequality-L.pdf>.

for most regions of the world while UNCTAD predicts a 30-40% drop in global FDI for 2020-2021.⁴ As a result, the Covid-19 induced crisis has hit GVCs hard and affected many SMEs, both in the formal but in particular in the informal sector and has threatened food security for many countries. It is expected that the crisis will accelerate the consolidation of GVCs and deepen nationalist and protectionist tendencies instead of global cooperation and strengthening of multilateral trade and investment frameworks that would benefit all. This has implications for rebuilding value chains which will depend on a new normal and the need for slowly rebuilding trust among all actors. In particular, it will be difficult for least developed countries to continue relying on cheap labour.

At the same time there are opportunities to strengthen GVCs and, in particular, strengthen the competitiveness of SMEs, including emerging and digital technologies such as artificial intelligence, 3D printing, blockchain, 5G mobile technologies and digitization of value (e.g. real assets) but also those emerging from enhanced regional integration through initiatives such as RCEP, CPTPP and the ASEAN Economic Community although Covid-19 may disrupt progress in negotiating and/or implementing some of these regional initiatives. However, Covid-19 has also revealed the power of the Internet to drive business, including SMEs, through providing fintech solutions to both investment and working capital and payments, marketing and distribution and selling through e-commerce platforms while paperless trade would enable more efficient cross-border trade transactions.

Against this backdrop, the Asia-Pacific Business Forum 2020 will discuss the challenges and opportunities for GVCs and, in particular, the role of SMEs. SMEs account for over 95% of all enterprises in all economies and are therefore the bedrock of economic activity, employment generation and innovation. While the challenges faced by SMEs are formidable, in particular in the era of Covid-19, there are also opportunities to overcome them provided governments provide the right environment through the implementation of appropriate policies and regulations. As business growth is constrained by the domestic market, international trade and investment need to be revived to allow businesses to grow and again to access world markets. This is no time for protectionism but rather for enhanced global and regional cooperation. As Covid-19 knows no borders, neither should the flow of goods and services. However, with the 2030 Agenda for Sustainable Development in mind, we should not lose sight of the importance of sustainability of international trade and investment and, hence, of business, including SMEs. With the launch of many initiatives to help SMEs get back on their feet and restore GVCs, this would also be a good time to enhance sustainability as an essential element of global competitiveness.

The Asia-Pacific Business Forum has been held annually since 2004. APBF 2020 will be held virtually on 30 October 2020 in cooperation with the ESCAP Sustainable Business Network (ESBN). The Forum is expected to witness the participation of 300-500 multi-stakeholders, in particular governments, business, civil society and academics from all over the region to foster dialogue and identify innovative solutions and recommendations to address the challenges and utilize the opportunities for business, in particular SMEs, to recover from the Covid-19 induced crisis and global trade tensions, restore global trade and investment links through GVCs, while at the same time emphasize the need for sustainability in a changing world.

⁴https://www.wto.org/english/news_e/pres20_e/pr855_e.htm; UNCTAD, Investment Trends Monitor, March 2020. https://unctad.org/en/PublicationsLibrary/diaeiainf2020d3_en.pdf



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Virtual Meeting (Zoom)

30 October 2020

MEETING PROGRAMME (Bangkok time)

09:00-10:20	<p>Opening Session</p> <p>Welcome Statement by <i>Lee George Lam</i>, Chairman, ESCAP Sustainable Business Network Executive Council and Non-Executive Chairman - Hong Kong and ASEAN Region & Chief Adviser to Macquarie Infrastructure and Real Assets Asia, Macquarie Infrastructure and Real Assets (Hong Kong) Limited</p> <p>Opening Address by <i>Armida Salsiah Alisjahbana</i>, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP</p> <p>Inaugural address: <i>H.E. Dr. Sansern Samalapa</i>, Vice Minister for Commerce, Royal Government of Thailand</p> <p>Keynote speakers from business</p> <ul style="list-style-type: none"> • <i>Kalin Sarasin</i>, Chairman, Thai Chamber of Commerce and Board of Trade Thailand • <i>Dian Siswarini</i>, President Director & CEO XL Axiata, Indonesia • <i>Robert Candelino</i>, Chief Executive Officer and General Manager Unilever Thailand, Myanmar, Cambodia, Lao PDR, Singapore and Malaysia • <i>Sanda Ojiambo</i>, Executive Director, United Nations Global Compact Office • <i>Sandeep Chauhan</i>, President, Fiji Commerce and Employers Federation
10:30-11:40	<p>Plenary Session 1: Challenges for value chains and SMEs in Asia and the Pacific</p> <p><i>Global value chains are facing many challenges including trade wars, increasing nationalism and protectionism, natural disasters including impact of climate change, economic slow-downs and possible recessions, in particular in the wake of the Covid-19 pandemic, to name a few. It is expected that rebuilding value chains requires the rebuilding of trust among all stakeholders based on a new normal. As multinational enterprises (MNEs) are increasingly</i></p>

	<p><i>consolidating and shortening their value chains and repatriating many of their overseas operations, the challenges and implications are particularly severe for small- and medium-sized enterprises (SMEs) in developing countries. This session will discuss the implications of these challenges for value chains, in particular SMEs, and how both governments and businesses, and both MNEs and SMEs, should respond to manage these challenges.</i></p> <p>Moderator: <i>Asif Ibrahim</i>, Vice Chairman, Newage Group of Industries, Bangladesh</p> <p>Keynote address by <i>Stanley Kang</i>, Chairman, Joint Foreign Chambers of Commerce Thailand</p> <p>Speakers:</p> <ul style="list-style-type: none"> • <i>Rubana Huq</i>, President, Bangladesh Garment Manufacturers and Exporters Association • <i>Siew Choon Thye</i>, President, Electrical and Electronics Association of Malaysia • <i>John West</i>, Executive Director, Asian Century Institute • <i>Bauzhan Bektemirov</i>, Chief Economist, Management Board, Astana International Financial Center, Kazakhstan
<p>11:50 – 13:00</p>	<p>Plenary Session 2: Opportunities for value chains and SMEs in Asia and the Pacific</p> <p><i>There are also many opportunities to expand and strengthen global and regional value chains, including emerging and disrupting digital technologies such as artificial intelligence, 3D printing, blockchain, 5G mobile technologies but also those emerging from enhanced regional integration through, inter alia, RCEP, CPTPP, BIMSTEC, SAARC and the ASEAN Economic Community. In particular, those companies, both small and large, that have a high degree of resiliency—the ability to absorb a shock, and to come out of it better than the competition—will be able to survive and prosper in the long-term. This session will discuss how businesses, in particular SMEs, can exploit these opportunities to integrate more effectively in global value chains and become more resilient and what governments can do to help them do so.</i></p> <p>Moderator: <i>Barbara Meynert</i>, Senior Advisor, Fung Group</p> <p>Keynote address by <i>Narayana Murthy</i>, Founder Infosys</p> <p>Speakers:</p> <ul style="list-style-type: none"> • <i>Hari Parajuli</i>, Co-President, Federation of Small and Medium Enterprises, Nepal • <i>Anne Petterd</i>, Head of International Commerce and Trade, Asia-Pacific, Baker & McKenzie • <i>Harry Seip</i>, Partner, McKinsey & Company, Thailand • <i>Peter Fisher</i>, President of DSM, Asia-Pacific • <i>Kylie Porter</i>, Executive Director, Global Compact Network Australia

<p>13:30 – 14:45</p>	<p>Break-out Session 1</p> <p>Enhancing sustainability of value chains and SMEs</p> <p><i>The region is falling short in achieving various sustainable development goals by 2030. As it recovers from the effects of Covid-19 building back better allows for opportunities to improve sustainability of companies and supply chains. Is this an extra burden for companies in challenging times or an opportunity that should not be missed? What can governments and businesses do, individually and together, to enhance sustainability of supply chains?</i></p> <p>Moderator: <i>Constant Van Aerschot, Director Asia Pacific, World Business Council for Sustainable Development (WBCSD)</i></p> <p>Speakers:</p> <ul style="list-style-type: none"> • <i>Justin Wood, Alliance to End Plastic Waste</i> • <i>Eileen Gallagher, Associate Director, Business for Social Responsibility; Hong Kong, China</i> • <i>Stefano Savi, Director, Global Platform for Sustainable Natural Rubber</i> • <i>Stephen Olson, Research Fellow, Hinrich Foundation</i> • <i>Cynthia Arce, Executive Director, Global Compact Local Network Philippines</i> 	<p>Break-out Session 2</p> <p>Enhancing regional connectivity for more efficient value chains and SME integration</p> <p><i>Regional and global value chains depend on enhanced regional connectivity in transport, ICT, energy and other areas to make them effective and efficient. What are the areas that deserve particular attention and is the region ready for deeper connectivity after the Covid-19 crisis? What are the major current regional connectivity initiatives and how can they be enhanced? What is the role for government and business to make that happen?</i></p> <p>Moderator: <i>Tan Sri Dato' Michael Yeoh, President, Kingsley Strategic Institute for Asia Pacific, Malaysia</i></p> <p>Speakers:</p> <ul style="list-style-type: none"> • <i>Raymond Yee, Vice-President of Customs and Regulatory Affairs, DHL Express APEC</i> • <i>Eunice Huang, Head of Asia-Pacific Trade Policy, Google</i> • <i>Philippe Lienhart, Project Director, EDF Renewables</i> • <i>Vadim Zakharenko, General Delegate to Eurasia, a.i. International Road Transport Union IRU</i> • <i>Tariq Rangoonwala, Chairman ICC Pakistan and Rangoonwala Group of Companies</i>
<p>15:00-16:15</p>	<p>Break-out Session 3</p> <p>Regional trade agreements, special economic zones and trade facilitation: how to harness them for more efficient value chains and SME integration</p> <p><i>The region is home to mega regional integration deals such as the EEU, RCEP, CTPPP and ASEAN Economic Community to mention a few. Asia is also leading the</i></p>	<p>Break-out Session 4</p> <p>Enhancing competitiveness and financing of SMEs, including women entrepreneurs: a review of government policies, why many failed and lessons learnt</p> <p><i>Governments have for decades implemented assistance schemes to help SMEs become more competitive, in particular facilitating access to finance. Some of the groups most in</i></p>

	<p><i>world in setting up special economic zones often to promote exports and attract FDI. With rising protectionism, how can these initiatives be maintained and enhanced and what is the role of trade facilitation in this respect, in particular digital and paperless trade in the new normal?</i></p> <p>Moderator: <i>Deborah Biber</i>, Chief Executive, Blue Moon Asia, and Board Director, Pacific Basin Economic Council (PBEC)</p> <p>Speakers:</p> <ul style="list-style-type: none"> • <i>Eva Chan Chaw Peng</i>, Head of International Business, Dagang Net Technologies, Malaysia • <i>Radu Palamariu</i>, Managing Director of Asia-Pacific, Practice Head for Global Logistics and Supply Chain Alcott Global (Singapore) • <i>Ratchanee Wattanawisitporn</i>, Executive Director of Foreign Investment Marketing Division, Board of Investment Thailand • <i>Shwe Hein</i>, Secretary, Thilawa SEZ Management Committee 	<p><i>need for such assistance are SMEs headed or managed by women. Digital finance or fintech has opened up new opportunities for them. However, after all these years of assistance, why are we still speaking or the need for enhanced assistance to SMEs. Why have governments failed and what are the new tools available to make such assistance more effective?</i></p> <p>Moderator: <i>Mia Mikic</i>, Director, Trade, Investment and Innovation Division, UNESCAP</p> <p>Speakers:</p> <ul style="list-style-type: none"> • <i>Wimonkan Kosumas</i>, Deputy Director, Office of Small and Medium Enterprise Promotion, Thailand • <i>Chandrakant Salunkhe</i>, Founder and President, SME Chamber of India • <i>Barbara Ramos</i>, Chief of “Research and Strategies for Exports, International Trade Centre • <i>Hyungchan Lee</i>, Financial Sector Specialist, Asian Development Bank • <i>Jennifer Buckley</i>, Senior Managing Director, Small Enterprise Assistance Fund (SEAF)
16:20-17:00	<p>Closing session</p> <p>Moderator: <i>Lee George Lam</i>, Chair of the ESN Executive Council</p> <p>Keynote address by: <i>John W.H. Denton AO</i>, Secretary-General, International Chamber of Commerce</p> <p>Closing statements by:</p> <ul style="list-style-type: none"> • <i>David Morris</i>, ESN Vice Chair • <i>Kaveh Zahedi</i>, Deputy Executive Secretary, ESCAP 	