Stimulating International Trade of ASEAN SMEs Through Integrated Value Chain E-Platform

MI TEAM
BANDUNG INSTITUTE OF TECHNOLOGY
THE FUTURE OF ASEAN
Potency of ASEAN

Total Population: 647.5 million people
3rd in Global Rank

Total GDP: 2,681.3 billion dollars
6th in Global Rank

Total Trade Value: 3,278 billion dollars
4th in Global Rank

SOURCE: Statista 2019, ASEAN 2018
How Important is SME in ASEAN?
The Importance of SME in ASEAN

SMEs account 66.67% of total ASEAN employment.

SMEs account for at least 42% ASEAN gross value added products and services.

SOURCE: ASEAN 2019, OECD 2018
OUR OBJECTIVE

Increasing the export capacity of ASEAN Small Medium Enterprises by integrated VALUE chain to create ASEAN integrated market that provide fair and equitable market access to enhance the economy of ASEAN.
SMEs Positioning Compared to Large-sized Companies

- Lower Bargaining Power
- Fewer Resources to Invest in Technology and People
- Smaller Network
- Higher Compliance Costs
- Limited Managerial and Technical Skills

SMEs only account for 10-30% of total exports in ASEAN

SME trade value only accounts for 3% of the total international trade value

Source: WTO 2016, OECD 2018
SOLUTION

PROPOSITION
Creating an e-marketplace platform which will facilitate international trade conducts among ASEAN SMEs and the global market communities.
Prospective Impact of The E-Platform Application

Top Potential Trade Commodities of ASEAN SME
In Billion USD

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Value (Billion USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apparel Knit</td>
<td>$23.86</td>
</tr>
<tr>
<td>Footwear</td>
<td>$19.45</td>
</tr>
<tr>
<td>Apparel not knit</td>
<td>$18.76</td>
</tr>
<tr>
<td>Article of wood</td>
<td>$15.85</td>
</tr>
<tr>
<td>Fish</td>
<td>$15.23</td>
</tr>
<tr>
<td>Furniture</td>
<td>$14.38</td>
</tr>
<tr>
<td>Paper</td>
<td>$9.30</td>
</tr>
</tbody>
</table>

The 5 Years Projection of SME Trade Value
In Billion USD

<table>
<thead>
<tr>
<th>Year</th>
<th>Trade Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>116.83</td>
</tr>
<tr>
<td>2021</td>
<td>134.36</td>
</tr>
<tr>
<td>2022</td>
<td>149.14</td>
</tr>
<tr>
<td>2023</td>
<td>167.48</td>
</tr>
<tr>
<td>2024</td>
<td>193.61</td>
</tr>
<tr>
<td>2025</td>
<td>226.53</td>
</tr>
</tbody>
</table>

SOURCE: Trading Economics 2017
WITHOUT and WITH E-Platform

SME
- Difficulty in accessing market
- Limited network
- Stagnant growth

CUSTOMER
- Limited options
- Less competitive product

GOVERNMENT
- High economic growth
- Inequalities among SMEs and large enterprises

- Unlimited access
- Wider network
- Higher growth

- Various option
- High quality product

- Higher economic growth
- Reduce inequalities among SMEs and large enterprises
THANK YOU

#WEAREASEAN