

# Empowerment of Women by APEC

By Hikari Ishido



Author Hikari Ishido

## APEC as an Economic Cooperation Forum & Women's Empowerment

The Asia-Pacific Economic Cooperation (APEC) forum has been a proponent of economic cooperation (as its name indicates). A free and open trade and investment climate in the Asia-Pacific region has been pursued by APEC over the past decades since its establishment in 1989. It could, however, also be seen as a tool to achieve the ultimate goal of enhancing citizens' living standards, in an inclusive manner. One important area of APEC policy efforts is the issue of empowering women. In my capacity as a male researcher, I shall discuss how APEC commits to the empowerment of women, especially in the business field.

APEC member economies recognize that the potential of women's contributions to the Asia-Pacific economy remains untapped: women's economic empowerment and the greater inclusion of women in regional economic activities have been high on APEC's agenda, especially in recent years in which the United Nations' concept of sustainable development goals (SDGs) have also been strongly promoted.

There are some 600 million women in the region's labor force, with over 60% of them engaged in the formal sector (based on APEC's official website). Restraining their participation as a sector in the workforce across the Asia-Pacific region can cost the economy tens of billions of dollars every year. *Table 1* shows statistics related to women and the gender gap. As shown, the Global Gender Gap Index scores are somewhat below the full score of 1.0 (which indicates no gender gap); and the labor force participation rate for females is lower than for males. These observations are more or less common across APEC economies with different figures in the Ease of Doing Business Index (in terms of Trading Across Borders) and GDP per capita.

Meanwhile, the Covid-19 pandemic has been having disproportionate economic as well as social impacts on women; hence governments across the Asia-Pacific region are placing priority on them and on broadening inclusion in recovery efforts. The APEC Putrajaya Vision 2040 (released in 2020 as part of the APEC Economic Leaders' Declaration) envisions a strong, balanced, secure, sustainable and inclusive Asia-Pacific Community by 2040 as the key economic driver to achieve an open, dynamic, resilient and peaceful Asia-Pacific Community that brings prosperity to all and future generations. This vision commits APEC leaders to pursue quality

growth that brings economic potential, benefits, and greater health and well-being disclosure to all citizens, including women.

The Policy Partnership on Women and the Economy (PPWE) was established at APEC's second Senior Officials' Meeting in May 2011 to promote women's economic integration in APEC, to benefit all members, and to conduct gender-related activities in cooperation with other APEC working groups. The integration of the traditional APEC Gender Focal Point network and the private sector-led Women's Leadership Network has become a public-private organization to streamline women's empowerment issues in APEC.

In 2019, APEC ministers approved the La Serena Roadmap for Women and Inclusive Growth to encourage initiatives across all APEC work streams to promote gender equality and women's economic empowerment. The PPWE has been working on women's economic empowerment and addressing the following five key pillars that are expected to have positive impacts on women's empowerment: (1) access to capital; (2) access to markets; (3) skills and capacity building; (4) women's leadership and agency; (5) innovation and technology.

The APEC chair of each year works together with the PPWE and the APEC Business Advisory Council (ABAC) to hold the Women and the Economy Forum (WEF), in which APEC ministers, senior business leaders and other experts take stock of actions underway to progress the agenda of empowering women in the APEC region.

## La Serena Roadmap for Women & Inclusive Growth (2019-2030)

With the above-mentioned considerations, APEC collectively released the La Serena Roadmap for Women and Inclusive Growth (2019-2030) in October 2019 aimed at ensuring the greater integration and empowerment of women in the Asia-Pacific region. The Roadmap states in its Introduction: "For over two decades, APEC has been working to advance women's economic integration in the region. [...] However, women from diverse backgrounds continue to face multiple disproportionate barriers to economic empowerment compared to men, for example, when accessing credit and capital, participating in formal labor markets, and in entry, retention and advancement in the workforce." Through this Roadmap, APEC seeks to provide concrete direction and catalyze policy actions across APEC that will drive greater inclusive economic development and participation of women in the Asia-Pacific region.

TABLE 1

## Statistics related to women & the gender gap

APEC Economy	Global Gender Gap Index (2021) out of the full score of 1.0 (no gender gap)	Labor force participation rate, male (% of female population aged 15 and over) (2020)	Labor force participation rate, female (% of female population aged 15 and over) (2020)	Ease of Doing Business Index, Trading Across Borders (2020) out of the full score of 100	GDP per capita (current US\$) (2020)
Australia	0.731	70.0	60.2	70	51,812
Brunei	0.678	72.5	54.4	59	27,466
Canada	0.772	68.6	59.5	88	43,258
Chile	0.716	66.5	44.6	81	13,232
China	0.682	74.5	61.8	87	10,500
Hong Kong (China)	—	66.2	54.2	95	46,324
Indonesia	0.688	81.5	53.2	69	3,870
Japan	0.656	71.4	53.2	86	39,539
South Korea	0.687	72.6	53.1	93	31,489
Malaysia	0.676	77.7	51.5	88	10,402
Mexico	0.757	71.3	40.8	82	8,347
New Zealand	0.840	75.5	65.3	85	41,478
Papua New Guinea	0.635	48.1	46.4	66	2,637
Peru	0.721	73.7	56.9	71	6,127
The Philippines	0.784	67.0	42.6	68	3,297
Russia	0.708	70.1	55.1	74	10,127
Singapore	0.727	77.4	59.9	90	59,798
Chinese Taipei (Taiwan)	0.748	—	—	85	28,371
Thailand	0.710	75.4	59.2	85	7,189
US	0.763	66.6	55.4	92	63,544
Vietnam	0.701	80.0	70.0	71	2,786
APEC average	0.719	71.3	54.9	80.2	24,362

Source: Compiled by the author based on Stats APEC (<http://statistics.apec.org/>)

The Roadmap adds to APEC's previous efforts, including information sharing and capacity building concerning women's empowerment and encourages stronger cross-fora collaboration (inside APEC) and also partnerships with the ABAC as well as other stakeholders. With the recognition that everyone has a role to play, the Roadmap is expected to contribute to "inclusive growth", i.e. ensuring access to decent work, narrowing the gap in economic development, and advancing development in rural and remote areas, thereby raising living standards and reducing poverty.

### APEC Project on Women's Entrepreneurship

In 2020, in my capacity as APEC's Project Overseer, and in collaboration with research consultants, I released a research report on women entrepreneurs' empowerment, especially in the context of promoting trade in services (<https://www.apec.org/Publications/2020/05/Research-on-Promoting-Trade-in-Services-by->

[SMEs-and-Women-Entrepreneurs](#)). The report addresses promotion of trade in services by micro, small and medium-sized enterprises (MSMEs) and women entrepreneurs through data analyses and case studies. Below are some highlights from the report. The term "entrepreneur" here means an innovative, self-employed business supplier (person).

First, the existence of domestic regulations as negative barriers against trade in services, as well as multiple free trade agreements (FTAs) in the Asia-Pacific region, should be recognized. Based on the thesis of firm-level heterogeneity in terms of productivity ("The Impact of Trade on Intra-industry Reallocations and Aggregate Industry Productivity" by Marc J. Melitz, *Econometrica*, 2003, Vol. 71, No. 6), women entrepreneurs, with relatively lower productivity, face barriers in the form of having to pay the high "fixed cost" to comply with export-related regulations (e.g., costs and time required for approval of commercial presence, application for visa and work permits) when considering trade in services, for example.

CHART 1

## Removal of service trade restrictiveness with MSMEs & women entrepreneurs in focus

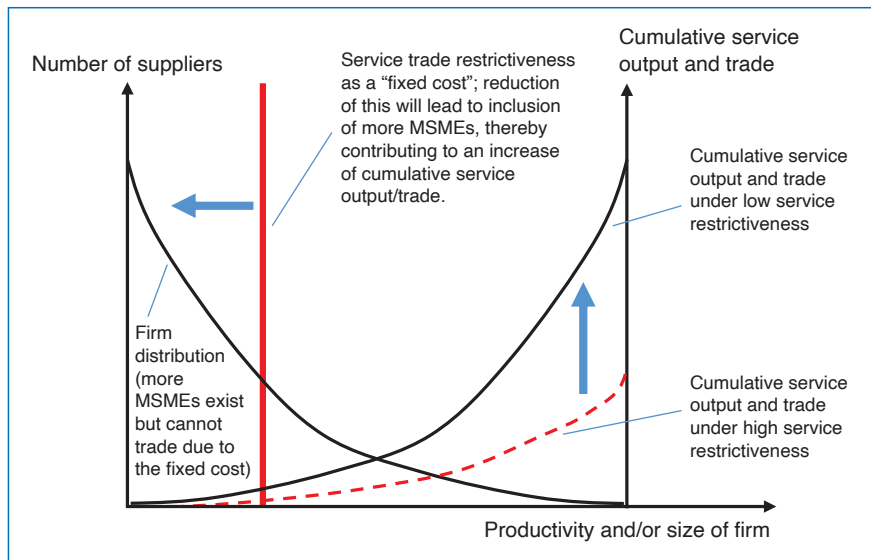
In this connection, women-owned firms are found in all sectors of the economy, though they are more likely to be concentrated in service-based or cottage industries (“Women Entrepreneurs in SMEs in the APEC Region”, [https://www.apec.org/docs/default-source/Publications/1999/12/Women-Entrepreneurs-in-Small-and-Medium-Enterprises-SMEs-in-the-APEC-Region-1999/99\\_sme\\_women.pdf](https://www.apec.org/docs/default-source/Publications/1999/12/Women-Entrepreneurs-in-Small-and-Medium-Enterprises-SMEs-in-the-APEC-Region-1999/99_sme_women.pdf)). More recently, in 2008, the OECD noted that traditional areas of female work including teaching, nursing and social services should be upgraded to reflect their true contributions to the economy and society. Gender segregation in employment characterizes male and female positions in the labor market and is a major source of inequalities.

The recognized value of jobs and the earnings attached to them vary according to whether they correspond to mainly female or mainly male activities and occupations. In addition, many female-dominated jobs are characterized by precarious employment conditions, a low degree of professionalization, lower pay and few training and career opportunities (<https://www.oecd.org/social/40881538.pdf>).

As featured in the report, there is a higher proportion of female workers than male workers employed in the service industry across all APEC member economies. This situation is schematically shown in *Chart 1*. The fixed costs (the red line) associated with overseas business expansion (e.g., application for visas, work permits and compliance with regulations abroad) make MSMEs and women entrepreneurs unable or reluctant to participate in services trade.

The online survey conducted for the report (APEC citizens were the respondents) reveals that in comparison with male respondents, female respondents are less concerned about their capacity, family matters, funds and safety of the area for investment (*Chart 2*).

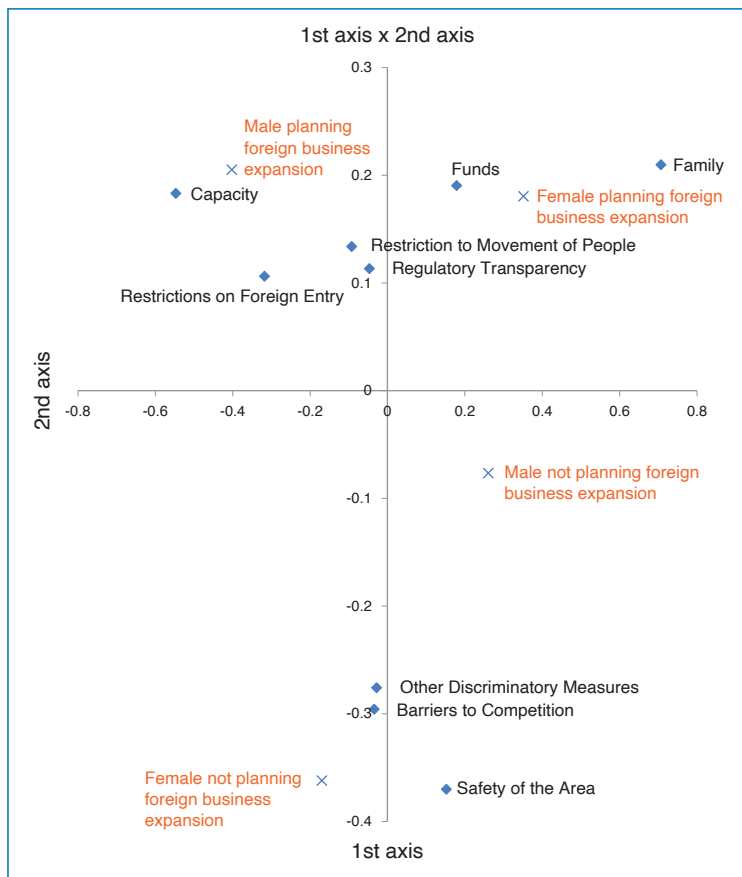
At a more disaggregated level, however, female respondents actually planning foreign business expansion list “Family” and “Funds” as barriers against their business plans. It would make sense to promote service trade liberalization focused on MSMEs and women entrepreneurs with practical support related to these aspects. While the number of responses is not necessarily enough for making statistical inferences, there are some observations. As for the category “Female not planning foreign business expansion”, the three policy categories –



Source: Ing, L., Cordoba, F., and O. Cadot (2016), “Non-Tariff Measures in ASEAN”, Economic Research Institute for ASEAN and East Asia and United Nations Conference.

CHART 2

## Correspondence analysis of the survey results



Source: Online survey for this research

“Barriers to competition”, “Other discriminatory measures” and “Safety of the area” – are their main concerns, rather than individual-level concerns (e.g., Family). Concerning “Female planning foreign business expansion”, the two individual-level items “Funds” and “Family”, as well as “Restrictions to Movement of People” at the policy level are the main concerns. On “Male not planning foreign business expansion”, no closely associated components are observed.

Regarding “Male planning foreign business expansion”, “Capacity” (at the individual level) as well as “Restrictions on Foreign Entry” (at the policy level) seem to be the main concerns in considering their business expansion abroad. Ensuing statistical regression results show that at the individual level, a younger generation and a longer period of work both lead to the choice of overseas business expansion. At the policy level, the regression result shows that “Other Discriminatory Measures” of the host economies have a significant negative impact on the choice of overseas business expansion. The field interviews have identified that the removal of “implicit barriers” against foreign expansion by MSMEs and women entrepreneurs at the societal level as well as at the individual level might be important for the promotion of trade in services by them. APEC’s role is precisely to remove those “implicit barriers”.

Then the report finds that for most of the companies, especially for MSMEs, “human resources for overseas business” has been the most crucial challenge, followed by “finding local business partners” and “collecting overseas regulatory information”, when looking to enter an overseas market with their business ideas. These barriers could be resolved by training the local managers and modifying the management policy as there could be a huge gap between the policies and the actual business climate in the overseas market. The top concern of the female business suppliers who are not considering an investment abroad is their human resource capacity that makes them less confident, followed by lack of access to sufficient capital and family-related matters in their pursuit of business abroad; they need to find a balance between work and home. Creating educational tactics for improving women’s human capital potential is fundamental for entrepreneurial growth and an essential component for producing women entrepreneurs who can enter and survive in the entrepreneurial world. Access to financial capital in this context is seen as a major criterion for entrance and survival.

As for MSMEs in this sector, for instance, it was found that not so many suppliers of education services are statistically recorded as investing across APEC members. There is thus much scope for promoting cross-border business expansions of education services, which remain rather restrictive for investment from abroad. The category “Other Education Services”, because of its wide scope for embracing diverse and innovative education services, has an innovative potential when restrictions are gradually removed. The

role of education as screening and imparting knowledge and skills should both be underpinned as necessary by promoting trade in education services (*Selected Works of Joseph E. Stiglitz, Vol. 1, Information and Economic Analysis*, New York: Oxford University Press, 2009).

In order to avoid the “market failure” of not tapping women entrepreneurs, the fixed cost aspect (including economic and psychological or subjective barriers avoiding venturing into new businesses) should be mitigated through an APEC-wide “effectuation” policy (beyond formal institutional support, i.e., “causation” policy) for business networking by MSMEs and especially women entrepreneurs. Given that the actual “marginal cost” of foreign business operations by MSMEs does not seem to be drastically disadvantaged as the “fixed cost” (including time and costs required for visa and work-permit applications) of starting the supply of services abroad, the initial push of facilitating effective business networking by APEC, in collaboration with ABAC, continues to be indispensable. As for women entrepreneurs, their empowerment strategy includes promotion of access to capital and foreign markets, and removal of “Other Discriminatory Measures” would be indispensable. Adaptation to innovation and new technology is also among the key policy issues for promoting trade in services by potential women entrepreneurs who have already accumulated “transferable” (business-applicable) skills. Based on the online survey results highlighting female business workers’ need for funds and in order to secure their financial profits with non-financial social values (e.g., work-life balance), effectual and possibly ICT-based affirmative actions, in line with the Boracay Action Agenda, (*Table 2*), are needed.

### **Empowering Women Through APEC’s Efforts & the Role of Japan**

Empowerment of women (including women entrepreneurs) is of utmost importance for APEC. Promoting and facilitating cooperation in the public (i.e., APEC) and private (ABAC) sectors to help ensure that women, including those from diverse backgrounds, and women-led MSMEs, can access capital, markets, skill and technology will be necessary. Given that almost all stakeholders would agree to this agenda (empowerment of women), the APEC goal of the Putrajaya Vision 2040, which includes gender equality, should be fully put into practice.

Women entrepreneurs’ empowerment strategy in general includes promotion of access to capital and foreign markets, as well as skills and capacity building for entrepreneurship. Adaptation to innovation and new technology is also among the key policy issues for promoting trade in services by potential women entrepreneurs who have already accumulated “transferable” (business-applicable) skills. More specifically in the context of digital technology, the use of

TABLE 2

## Policy options for MSMEs & women entrepreneurs in line with the Boracay Action Agenda

Boracay Action Agenda item (selective)	Policy option for MSMEs & women entrepreneurs	Capacity building for MSMEs & women entrepreneurs
Support measures to widen options on financing for MSMEs and further develop the infrastructure to facilitate lending to them.	Promote inclusive finance mechanisms with focus on broad-based financial products and services such as crowdfunding with blockchain-type verification processes.	Capacity building seminars on the use of crowdfunding and other financing schemes to enable MSMEs to strengthen global value chains could be held.
Expand internationalization opportunities for MSMEs providing goods and services through ICT and e-commerce.	Cooperate with ABAC in identifying and promoting strategic e-commerce platforms and innovative business models for MSMEs to support services trade; encourage the availability of next-generation online technology in support of MSMEs and women entrepreneurs; identify and promote policies and regulatory frameworks for creating conducive environment for e-commerce and address unnecessary regulations that constrain the ability of MSMEs to participate in e-commerce.	In collaboration with ABAC's Cross-Border E-Commerce Training (CBET) Programme and other similar platforms, hold capacity building seminars on the familiarization of new technology (ICT)-based services trade, including the adoption of cross-border (remote) working in mode 1 and provision of ICT-based services (e.g., online viewing of real estate, environment and education services for this research) could be held, in collaboration with ABAC.
Strengthen focus on MSMEs led by women.	Promote an understanding of the divergent constraints faced by male and female-led MSMEs in terms of self-capacity for business activities, coping with family matters, funds availability and safety of invest destinations (focus points in this research).	As women workers tend to feel the individual safety of investment areas is a barrier to services trade and they also feel barriers to competition, seminars on securing the safety of investment areas and promoting fair competition as a set through ICT-based technology could be held; especially on the movement of people (mode 4), share online information on eVisa, eWorkPermit applications; as a domestic business support, share next-generation ICT-based services, including, e.g., community-based and online support schemes providing affordable childcare services among registered SME workers and women entrepreneurs.

Source: *tbc*

trade-related blockchain technology with business matching between potential trade partners would facilitate matching of women entrepreneurs' cross-border business expansion in an efficient and secure manner. Here Japan's role as a technologically intensive member of APEC is relevant.

Empowering women through the reduction of business-related fixed costs has an important implication for the global free trade regime at large. In this context, there is a disparity among each APEC member's commitment under the World Trade Organization (WTO) and domestic regulatory restrictiveness (sometimes the lowest although non-binding). As ongoing domestic regulations are internationally non-binding (hence unpredictable) yet sometimes less restrictive than WTO-level as well as bilateral FTA-level commitments (which, however, are internationally binding), the transparency of the service trade regime becomes rather complicated, posing a trade-off situation between the level of liberalization and predictability (or stability). Policymakers from the APEC member economies could also bear this in mind for promoting trade and investment by women entrepreneurs.

That said, women entrepreneurs are not necessarily performing in the sense of economically-driven, or profit-oriented activities: seeking social values including "being with my children even at work", for example, seems to be at least part of the purpose of their motivation in business activities. Women entrepreneurs would need further policy support, especially socially desirable support, if they are to be visibly successful on the business scene. APEC as a major intergovernmental forum addressing cross-border socioeconomic cooperation should continue to delve into this all-important agenda of empowerment of women. **JS**

Hikari Ishido is professor of international economics at the Graduate School of Global and Transdisciplinary Studies, and director of the APEC Study Center, Chiba University.