

GLOBAL IS THE NEW LOCAL

New, independent research commissioned by FedEx Express reveals that for the first time, the value of exports from Asian SME exporters to other regions beyond Asia exceed their exports within Asia. The findings are a reminder of the power of the region's smaller exporters to handle global trade concerns and use technology to explore and profit from new markets worldwide. For SME exporters in Asia, global is the new local.

A NEW WORLD OF SME EXPORTS

71% EXPORT BEYOND ASIA

70% EXPORT WITHIN ASIA

This year, for the first time, Asian SME exports beyond the region have exceeded those within the region.

71% of SME exporters export globally beyond Asia, while 70% export within the region.

SMEs' average annual export revenue now accounts for 71% of total revenue, up from 60% in 2016.

Average export values now exceed US\$1.2 million for all exporting SMEs.

62%

Global imports are also growing. Among SMEs who import, 62% import from regions outside Asia, up from just 26% as little as three years ago.



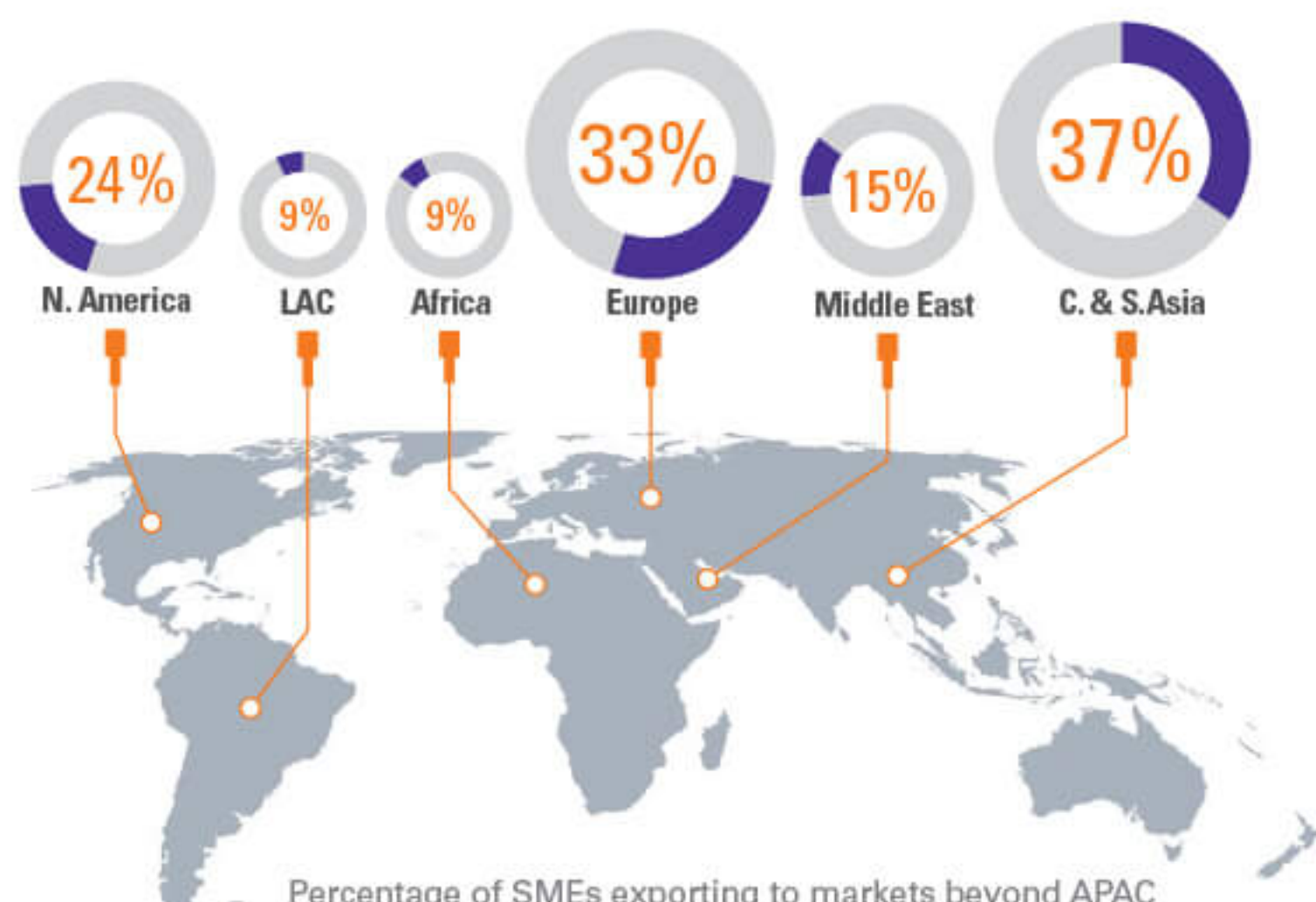
US\$ 0.903m average
x71% = US\$ 0.641m

US\$ 0.808m average
x70% = US\$ 0.566m

IN A BORDERLESS WORLD, DIVERSIFICATION COUNTERS THREATS

For the region's SME exporters, short term threats to global trade are mitigated by a lack of dependence on any one market, or source of imports.

Trade patterns are shifting and Central/South Asia and Europe are now the most prevalent export markets for Asian SMEs, with North America a relatively distant third.



Percentage of SMEs exporting to markets beyond APAC

No physical presence in these markets

17%

Language barrier

20%

Payment issues

32%

Finding new customers in other markets

37%

Logistics/delivery issues

43%

Currency exchange issues

45%

Customs procedures

49%

OVERCOMING EXPORT BARRIERS

Several traditional, fundamental challenges faced by SME exporters – from language barriers to finding new export customers – are not at the top of their list of concerns today. Their capabilities, enabled largely by technology, have grown to the point that the world is now their market:

- **E-commerce** continues to be a key driver of exporting and importing behaviour with 82% of APAC SMEs using e-commerce compared with 79% in 2016, and 58% doing so to find new export revenues.

- **Mobile commerce** is now used by almost three quarters (72%) of SMEs compared with 61% in 2016. Over half (51%) of them use m-commerce to find new export revenues.

- **Social commerce** is now practiced by almost three quarters (74%) of SMEs compared with 64% in 2016. Over half (52%) of them use social commerce to find new export revenues.

TECHNOLOGY UNDERPINS LONG TERM OPTIMISM

41% of SME exporters believe that exports beyond Asia will grow, while 43% believe that exports elsewhere within Asia will grow.

They are harnessing new, Industry 4.0 technologies to expand their business: Two-thirds (66%) of APAC SMEs agree that using emerging technology is helping to drive efficiencies in supply chain and distribution channels.



Of Asian SME exporters expect e-commerce average share of total revenue to increase



Of Asian SME exporters expect m-commerce average share of total revenue to increase



Of Asian SME exporters expect social commerce average share of total revenue to increase



are likely to increase use of mobile payments



are likely to increase use of big data/advanced analytics



are likely to increase use of software automation



are likely to increase use of artificial intelligence

EXPORT CHALLENGES REMAIN:

The top three challenges faced by Asian SME exporters today are:

Customs procedures

Currency exchange issues

Logistics/ delivery issues

Meanwhile, almost half (42%) of APAC SMEs agree that their main logistics partner is helping them respond to their exporting challenges.

Across the region, most (69%) SMEs are using different shipping options including slower, deferred shipments traveling over ocean (70%), in addition to express shipments travelling by air (62%).

Whatever the challenge – or opportunity – FedEx is dedicated to supporting Asia's SMEs as they continue to pursue global opportunities.

9% By rail

18% By road

62% By air

72% By ocean

ABOUT THE RESEARCH STUDY

The independent study, entitled "Global is the New Local: The Changing International Trade Patterns of Small Businesses in Asia Pacific", was conducted by Harris Interactive on behalf of FedEx Express to offer insights into import and export opportunities and challenges facing SMEs. The results are based on interviews with 4,543 senior executives of SMEs held online and by telephone in nine markets in Asia Pacific between March and April 2018. The markets included in the research were: Mainland China, Hong Kong, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam. Interviews were split equally by market with a representative mix of company sizes: micro (1-9 full-time employees), small (10-49 full-time employees) and medium (50-249 full-time employees). The sample size was approximately 500 respondents per market.