

# GLOBAL ECONOMIC TRENDS: CHALLENGES AND OPPORTUNITIES FOR SME

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# Global Economic Trends

- ▣ Global economic growth – cyclical but continuing with Asia as the engine
- ▣ Predominance of the ‘New Economy’
- ▣ Growth with rising inequality and poverty

# Asia as an Engine for Growth

- ❖ Asia as China plus Ten – global growth engine
- ❖ Continuing stagnation in Japan
- ❖ The Euro crisis and the decline of Europe, but no breakdown of EU
- ❖ Cyclical recession in the USA, but supremacy continues
- ❖ A new balance of power: China-USA as G2 or G1.5 replacing the Triad (USA, EU and Japan)

# Predominance of the New Economy

Predominance of ICT (information and communications technology), characterized by:

1. Digitization of production and consumption; scope versus scale; pervasive and continuous change
2. Globalization of goods and services, capital, information, and human resources
3. Concentration of capital/power; digital divide



Resulting in:

1. Natural resources as King; materials versus processes/technology; the rise of BRICS (the fall of NIEs?)
2. 'New' human capital resources in demand; whole person versus specialists; coping with change, diversity, and conflicts; the role of education (level or type?)

# Rising Poverty and Inequality

- ▣ A worldwide problem under the New Economy, esp. in fast-growing emerging economies
- ▣ Failure of public policies (esp. education and industry policies) to produce the new human capital for the New Economy
- ▣ Digital divide, an M Society with little upward mobility – resulting in political and social instability

# Implications for SME

1. Favourable macroeconomic environment:  
China as locomotive; new geo-economics with complex economic cooperation arrangements (AEC, Asean + 1, Asean + 3, RCEP, TPP, TTIP); opportunities for SME at home and overseas
2. Less desirable geo-political environment:  
USA's return to Asia policy – USA versus China; social discontent (growth with increasing inequality)

3. Internet and the emergence of social media; less costly for SME to reach out
4. Efficiency of SME enhanced by decreasing importance of economies of scale as a result of ICT
5. Rising inequality raises the consciousness of governments to address financial inclusion and microfinance issues



*Thank You*