

## **MenKopUKM: Need Competitive Advantage for SMEs to Enter Global Supply Chain**

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**MenKopUKM: Need Competitive Advantage for SMEs to Enter Global Supply Chain**

Jakarta - The Minister of Cooperatives and SMEs (MenKopUKM) Teten Masduki emphasized the need for a competitive advantage for SMEs to be able to enter the global supply chain besides economic cooperation between G20 countries to restore the world economy is also very important.

"Recover Together, Recover Stronger is not just a theme that needs to be carried out together, but a recipe for the world to recover and grow together even faster," said MenKopUKM Teten Masduki in his remarks at the 4th Side Event G20 Stakeholders Consultant, SMEs Opportunity on Global Value Chain and Logistic Solution virtually, Jakarta, Friday Night (26/8).

MenKopUKM emphasized that although the reaction of most countries in the midst of these economic difficulties is to protect their respective economies, the G20 countries must not forget that the world economy is very dependent on them.

The Minister of Investment/Head of the Investment Coordinating Board (BKPM) Bahlil Lahadalia, Minister of Trade Zulkifli Hasan, Indonesian Ambassador to the United States Rosan P Roeslani, and G20 Ambassadors were also present at the event.

Minister Teten said, in the World Bank's June 2022 Global Economic Prospects report, it stated that the impact of the COVID-19 pandemic plus the Russian invasion of Ukraine exacerbated the global economic slowdown.

It is estimated that low economic growth and rising inflation will persist for a longer time than previously thought. World economic growth is even expected to fall from 5.7 percent in 2021 to 2.9 percent in 2022.

The G20 countries consisting of the European Union, Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Korea, Turkey, the United Kingdom and the United States produce around 80 percent of world output, has 2/3 of the world's population, and is involved in 3/4 of international trade.

"The World Bank mentions the importance of taking firm policies at the national and global levels, to avoid a worsening global economy," he said.

For this reason, said the MenKopUKM, this requires joint world efforts, among others, ensuring a reliable response in terms of supply at the national level. On the other hand, ensuring that the global commodity market functions properly, and the government needs to prioritize government spending to provide assistance to low-income communities who are vulnerable due to economic pressures.

Minister Teten also cited several studies including those conducted by the OECD Working Party on SMEs and Entrepreneurship in collaboration with UNCTAD (United Nations Conference on Trade and Development) and academic partners from Switzerland. The study found that involvement in the Global Value Chain (global supply chain) will benefit SMEs.

"I hope that this stakeholder consultation forum can help SMEs to identify their competitive advantages in the value chain, and help SMEs understand that this identification is very important to optimize their participation in the Global Value Chain," he said.

Not only that, MenKopUKM wants this forum to be able to provide recommendations that can be followed up multilaterally, bilaterally or regionally. Both in the form of support for trade policies that make it easier for SMEs to enter the Global Value Chain and provide solutions for their logistics needs.

On the same occasion, the Minister of Investment/Head of the Investment Coordinating Board (BKPM) Bahlil Lahadalia said in his remarks that SMEs make a significant contribution to the country's economy, namely being a stronghold of the national economy which has proven its resilience since the 1998 economic crisis until during this pandemic.

Bahlil also revealed that various global challenges affected the economic conditions of various countries. Many challenges including logistics are faced by the whole world. In fact, logistical distribution is a way of life together.

"There must be togetherness to rise and restore the economy in this post-pandemic era. For this reason, there must be positive collaboration between large entrepreneurs and SMEs. The government has encouraged this which is stated through regulations. It is time for us to protect and encourage SMEs to upgrade," said Bahlil.

Jakarta, 27 August 2022

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