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## INFORMAL WORKING GROUP ON MSMEs<sup>1</sup>

### 2022 ANNUAL REPORT

#### 1 INTRODUCTION

1.1. On 13 December 2017, at the 11<sup>th</sup> Ministerial Conference (MC11), 88 WTO Members representing all major regions and levels of development established the Informal Working Group on MSMEs (WT/MIN(17)/58/Rev.1). In their Joint Ministerial Statement, the "Friends of MSMEs" committed to discussing and identifying "horizontal and non-discriminatory solutions" to improve the participation of MSMEs in international trade while considering the specific needs of developing economies.

1.2. The following Annual Report describes the activities of the MSME Group in 2022. The MSME Group is coordinated by H.E. Mr José Luís Cancela Gómez, Ambassador of Uruguay. Following announcements by Tajikistan on 3 May 2022, Barbados on 7 December, and the United States of America on 16 December 2022 to join, the MSME Group counts 97 members.<sup>2</sup>

1.3. Although a Draft Ministerial Declaration<sup>3</sup> was finalized by the Group in September 2021, changed circumstances prevented the Group from endorsing the document at MC12. Instead, the Group's Coordinator circulated a report on the progress the Group has achieved (WT/MIN(22)/4) and held a press conference on the side-lines of the conference.

#### 2 OPEN-ENDED MEETINGS HELD BY THE INFORMAL WORKING GROUP ON MSMEs DURING 2022

2.1. The MSME Group held five open-ended meetings during 2022, the first on 8 February, followed by 7 April, 19 May, 15 July, and 12 October.

2.2. On 8 February, the Group held its first open-ended meeting of 2022 to discuss regular work for the year ahead (INF/MSME/CN/15). The MSME Group welcomed three new members (The Gambia; Georgia; and Macao, China) who joined in late 2021. At the beginning of the meeting, the Vice-Minister for Promotion of MSMEs of the Dominican Republic, Dr Jorge Morales Paulino, addressed the Group and stressed the need for international organizations to help MSMEs to access finance. During the working part of the meeting, the Group designated Mexico as the coordinator of the Trade4MSMEs web platform and established a new taskforce to lead work on the platform. It was agreed that 2022 work would focus on cyber readiness, low-value shipments, the green economy, and MSME references in regional trade agreements. Canada also suggested upgrading the

<sup>1</sup> Previous Annual Reports include JOB/GC/207 dated 3 December 2018; INF/MSME/R/13/Rev.1 dated 9 December 2019; INF/MSME/R/21 dated 15 December 2020; and INF/MSME/R/30 dated 11 February 2022.

<sup>2</sup> Members of the Informal Working Group on MSMEs are: Afghanistan; Albania; Antigua and Barbuda; Argentina; Armenia; Australia; Bahrain, Kingdom of; Barbados; Belize; Brazil; Brunei Darussalam; Canada; Chile; China; Colombia; Costa Rica; Côte d'Ivoire; Dominica; Dominican Republic; Ecuador; El Salvador; European Union and its 27 Member States; The Gambia; Georgia; Grenada; Guatemala; Guyana; Honduras; Hong Kong, China; Iceland; Israel; Japan; Kazakhstan; Kenya; Korea, Republic of; Kyrgyz Republic; Lao People's Democratic Republic; Liechtenstein; Macao, China; Malaysia; Mexico; Moldova, Republic of; Mongolia; Montenegro; Myanmar; New Zealand; Nicaragua; Nigeria; North Macedonia; Norway; Pakistan; Paraguay; Peru; Philippines; Qatar; Russian Federation; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Saudi Arabia, Kingdom of; Singapore; Switzerland; Chinese Taipei; Tajikistan; Türkiye; Ukraine; United Kingdom; United States of America; Uruguay and Viet Nam.

<sup>3</sup> INF/MSME/W/36.

MSME TPR database launched last year to include Q&As. Related to implementation of the package, the ITC gave a presentation on the Global Trade Helpdesk's plans for 2022; Côte d'Ivoire invited the Global Legal Entity Identifier Foundation (GLEIF) to give a presentation on the Legal Entity Identifier (LEI) in support of Annex 6; and the Standards and Trade Development Facility (STDF) presented their new report on Good Regulatory Practices in the context of SPS measures. Four external presentations were received, the first from the Philippines on the Boracay Action Agenda followed by the ITC on their GreenToCompete initiative, UNCTAD on the development of the G20's "Born Green via Digital Toolkit" and lastly UNCTAD again on International Standards of Accounting and Reporting (ISAR). In discussions on the work program for 2022, members expressed interest in continuing to explore the issues presented. The European Union suggested that the 2019 note on MSME provisions in Regional Trade Agreements (RTAs) be updated and that members share their experiences on MSME provisions in RTAs. Tofara Online, one of the four winners of the 2021 Digital Champions for Small Business Initiative, also joined the meeting. A full summary of the meeting and of presentations received is available in document INF/MSME/R/31.

2.3. The MSME Group held its second open-ended meeting of the year on 7 April 2022 (INF/MSME/CN/16). The international crisis in Ukraine was highlighted by members in their opening remarks, including the challenges and trade disruptions to MSMEs created by the conflict. In terms of the Group's ongoing work, Mexico, as the coordinator of the Trade4MSMEs web platform, noted that translation of the website into both French and Spanish had been completed and that invitations were sent to international organizations doing work related to MSME trade asking that they join a Trade4MSMEs Network and become partners of the platform. Following the successful 2021 Digital Champions for Small Business Initiative held together with the ICC and the ITC, the MSME Group agreed to make the championship an annual event with the two partners. The chosen theme for 2022 was decided to tie in with helping MSMEs go green. Related to implementation of the package, the ITC gave an update presentation on the Global Trade Helpdesk (GTH) and thanked the 39 Members who had verified their national information as per Annex 2 of the package. The second presentation was by the Secretariat on the first five-year review of the TFA as it related to Annex 3 of the package. It was noted that the TFA provides predictability and uniformity in trade standards, which benefit MSMEs substantially more. Pertaining to Annex 5 the Group received a presentation on the implementation of the 2019 IDB Decision that streamlines processes and allows integration of additional data elements. Regarding MSME-related work in other WTO Bodies, the Secretariat of the TBT Committee briefed the MSME Group on their work assessing conformity procedures, increasing transparency through ePing, and good regulatory practices. The MSME Group Secretariat also presented on the updated Report regarding MSME references in RTAs (INF/MSME/W/6/Rev.3) and the associated database. One external presentation was received from the Global Cyber Alliance (GCA) about their free-to-use toolkit of MSME resources that they have developed for small businesses. A full summary of the meeting and of presentations received is available in document INF/MSME/R/32.

2.4. On 19 May 2022, directly before MC12, the MSME Group met for a brief third meeting to review the planned actions for the Ministerial Conference (INF/MSME/CN/17). Following outreach to the MSME Group Coordinator by some delegations in which they noted that they would no longer be in a position to endorse the agreed-upon MC12 MSME Declaration WT/MIN(21)/1, the Coordinator suggested that in line with the MC11 Joint Ministerial Statement WT/MIN(17)/58/Rev.1 he would instead circulate a Coordinator's report under his own responsibility based on the Draft MC12 Declaration INF/MSME/W/36. Further, the Coordinator expressed that rather than calling a minister-level open-ended MSME meeting, he would instead hold a press conference to present the results of the Group's work since MC11 and to announce the Trade4MSMEs Network.

2.5. The fourth MSME Group meeting was held on 15 July 2022 (INF/MSME/CN/18) and was the first open-ended meeting following MC12. At this time, the Group formally welcomed Tajikistan as the 95<sup>th</sup> member. Discussions focused on the way forward. Topics that were raised as of interest to the MSME Group included trade digitalization, cyber readiness, NTMs, access to information, access to finance, and low-value shipments. It was underscored that, going forward, a trade lens should be applied to MSME issues and the MSME Group should continue to exchange information and coordinate with other WTO regulatory bodies. An update on the Trade4MSMEs web platform was provided about the completion of the Spanish and French translation reviews, the new guides under development and the search for additional funding. Regarding implementation of the 2020 MSME Package, Switzerland announced the inclusion of a MSME chapter in its recent TPR. One presentation was received on the United Kingdom-Kenya Trade Logistics Information Pipeline (TLIP) and its intention to digitalize the trade process in order to facilitate MSME trade between these two

economies. A brief update on the research underway by the Secretariat on MSME-related provisions in RTAs and their use by small businesses was given by the Coordinator. A full summary of the meeting and of presentations received is available in document INF/MSME/R/33.

2.6. On 12 October 2022, the MSME Group held its fifth open-ended meeting (INF/MSME/CN/19). The fifth open-ended meeting of the MSME Group again focused on the way forward, with clear interest expressed to further investigate MSME provisions in RTAs. Other topics of interest included rural MSMEs, sustainability, cross-border paperless trade, low-value shipments, and applying gender perspectives on MSME trade recommendations. The Group also discussed the possibility of having dedicated sessions and compendiums of good practices on these topics. Regarding implementation of the 2020 MSME Package, Mexico reported on their inclusion of a MSME section in their October 2022 TPR Report, while Uruguay informed the Group regarding their completed work to implement the 2019 IDB Decision. Interest was expressed to improve and expand the database on MSME references in TPRs. Members also requested that a mapping of MSME-related discussions in other WTO Committees be undertaken. An update on the Trade4MSMEs web platform was provided. Promotion was planned to continue with four country webinars held and two more planned for Mexico and the Dominican Republic. 12 new guides were also issued in advance of the Public Forum in September. The two runners-up for the 2022 Small Business Champions presented their winning proposals to the Group. Two briefings on MSME-related discussions in other WTO Committees were given from the Secretariat regarding first the July TBT Committee MSME Thematic Session and second the implementation of the 2019 IDB Decision. The Secretariat also provided two briefings, first on the findings of a literature review on the effects of regional trade agreements on MSME trade participation (INF/MSME/W/40) and the second on cross-border payments and the GATS. The Secretariat briefing was followed by a knowledge sharing session organized by the World Economic Forum (WEF) with the Inter-American Development Bank (IADB) and Visa on inclusive trade and cross-border payments. The Group also received three thematic presentations from the ITC, the IOTA Foundation, and the Global Express Association (GEA) on trade facilitation, digitalization of trade documents, and low-value shipments. A full summary of the meeting and of presentations received is available in document INF/MSME/R/34.

### **3 IMPLEMENTATION OF THE 2020 MSME PACKAGE**

3.1. Following the MSME Group's agreed upon overview list (INF/MSME/W/35/Corr.1), members continued to implement the December 2020 MSME Package (INF/MSME/4/Rev.2).

#### **3.1 Annex 1**

3.2. The Secretariat updated its database of MSME references in TPRs through mid-year 2022. Additionally, Switzerland and Mexico both included dedicated MSME sections in their TPRs.

#### **3.2 Annex 2**

3.3. In September 2022, the ITC updated the Group on the latest developments regarding the Global Trade Helpdesk (GTH) and provided members with a document for review of national information available on the GTH website. By the end of the year, updates and verifications had been received from 42 signatories of the December 2020 MSME Package.

#### **3.3 Annex 3**

3.4. Regarding Annex 3, Canada recalled the recent completion of the Four-Year Review of the Agreement on Trade Facilitation (G/TFA/2) as well as the event to celebrate the fifth anniversary of the entry-into-force of the Agreement (event recordings are available on [YouTube](#)). Both the report and the anniversary event provide information of relevance to MSMEs, including the implementation achievements so far, and look ahead to what needs to be done to continue to help WTO Members reduce trading frictions at their borders.

#### **3.4 Annex 5**

3.5. In October 2022, Uruguay announced the completion and implementation of its agreement with the Secretariat for the automatic electronic transmission of their tariff and import data to the IDB. It joins Canada as two members of the MSME Group with such agreements in place.

### 3.5 Annex 6

3.6. Côte d'Ivoire invited the Global Legal Entity Identifier Foundation (GLEIF) to present the key findings from their study titled "The LEI: The Key to Unlocking Financial Inclusion in Developing Economies". Further presentations on trade-related finance and cross-border payments were received from the WTO Secretariat on the GATT and the WEF in a panel they organized with the IADB and Visa in October.

## 4 OTHER ACTIVITIES

### 4.1 Other

4.1. The Group met virtually with the private sector in February 2022 in the afternoon of the first open-ended meeting of the year. Topics raised by private sector participants included cyber readiness, support for adoption of the Model Law on Electronic Transferable Records (MLETR) of the United Nations Commission on International Trade Law (UNCITRAL) and sustainability standards, the proliferation of which is hindering MSME trade.

4.2. Development of the Trade4MSMEs web platform continued throughout the year. The Spanish and French translations of the website were completed and 12 new guides were developed for MSMEs and policymakers on competition policy; exchange rates; government procurement; investment facilitation; RTAs; reverse logistics; standards for cross-border paperless trade; the think small first principal; trade remedies and voluntary sustainability standards. Promotion continued throughout the year with multiple joint GTH and Trade4MSMEs information webinars given online, including one at the WSIS Forum 2022 at the ITU, and four country webinars held virtually for Chile, Colombia, Dominican Republic and Mexico. Looking towards long-term sustainability and improvements, a strategic partnership has been established with the UK Institute of Export and International Trade (IOE&IT) and a funding grant was obtained from Google. Trade Finance Global (TFG) has also joined as a partner to the platform to give greater visibility to the website.

4.3. Launched on 8 June 2022, the Trade4MSMEs Network currently counts 17 development banks, international and regional organizations as participants and outreach continues to additional organizations. Created with the objective of keeping the Trade4MSMEs web platform up-to-date, the Network also aims to facilitate collaboration among participants, identify new tools to help MSMEs trade and to explore the possibility of joint projects. The Network plans to meet annually. Network participants include the Asian Development Bank; European Bank for Reconstruction and Development; Inter-American Development Bank; International Labour Organization; International Telecommunication Union; International Trade Centre; Organisation for Economic Co-operation and Development; United Nations Economic Commission for Africa; United Nations Economic Commission for Europe; United Nations Economic Commission for Latin America and the Caribbean; United Nations Economic and Social Commission for Asia and the Pacific; United Nations Economic and Social Commission for Western Asia; United Nations Industrial Development Organization; United Nations Commission on International Trade Law; World Customs Organization; World Intellectual Property Organization; and World Bank.

4.4. The WTO MSME Group celebrated international MSME Day on 27 June 2022 with the launch of the second iteration of Small Business Champions Initiative with the theme "Helping small businesses transition to a sustainable economy" and a panel discussion with business representatives from UPS, Sage, ADJOAA and Mantra Beauty. Introductory remarks were made by H.E. Mr José Luís Cancela Gómez, WTO MSME Group Coordinator and Ambassador of Uruguay; Ms Pamela Coke-Hamilton, Executive Director, International Trade Centre; Mr John Denton, Secretary General, International Chamber of Commerce; and Dr Ngozi Okonjo-Iweala, Director-General, World Trade Organization.

4.5. Nearly 90 Small Business Champions proposals were received. The two winners and two runners-up were announced in a virtual ceremony in advance of the WTO Public Forum on 26 September. The winners are the Association Professionnelle Accompagnements Valeurs Expertises Conseils (A.V.E.C) from Benin and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) and the two runners-up are Inclusive Trade Ltd. (United Kingdom) and Sidley Austin Emerging Enterprises Pro Bono Program (Global). A second promotional event was held at Building Bridges in Geneva on 5 October.

4.6. As Coordinator of the MSME Group, Ambassador José Luís Cancela Gómez was invited to participate in various meetings and webinars organized by external stakeholders to raise awareness concerning the efforts of the Group. This included Mexico's joint session with the ITC and the MSME Group at the Public Forum titled "Digital Platforms for Inclusive Growth". This session was dedicated to exploring how digital tools can be leveraged to connect MSMEs with global markets and was moderated by the Mexican Ambassador Ángel Villalobos Rodríguez. Other speaking engagements included, among others, the May South-South Dialogue on LDCs and Development; UNCTAD's Intergovernmental Group of Experts; a Public Forum session on "Overcoming the Digital Divide – Empowering SME Communities"; a session on "IP and Innovation Opportunities in Intellectual Property Financing" organized on the fringes of the October TRIPS Council; and the Jordanian Arab SMEs Summit.

4.7. Additionally, the Coordinator issued two Newsletters over 2022. Newsletters covered updates on the work of the Group and its initiatives, including the Trade4MSMEs web platform, presentations the MSME Group received, and the Small Business Champions.

4.8. Lastly, the MSME Group created a new document symbol (INF/MSME/P) for traders and their representatives to submit recommendations directly to the MSME Group. Four documents were received with recommendations from Africa Women in Trade, the Global Express Association, and the Asian Trade Centre Foundation.

## **5 CONCLUSION**

5.1. The Informal Working Group adopted the present Annual Report (2022) at its 13 March 2023 open-ended meeting.

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