



22 March 2023

(23-2057)

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Original: English

## INFORMAL WORKING GROUP ON MSMEs

### OPEN-ENDED MEETING OF 13 MARCH 2023

#### *Summary of discussions*

The following communication, dated 22 March 2023, is being circulated at the request of the Coordinator of the Informal Working Group on MSMEs.

The MSME Informal Group (MSME Group) met for its first open-ended meeting of the year on 13 March 2023. The MSME Group Coordinator welcomed the Group's two newest members, Barbados and the United States of America, which both joined in December 2022, bringing the total number of Group members to 97. A total of 54 delegations<sup>1</sup> attended the meeting, including 12 non-MSME Group members (Angola; Botswana; Cabo Verde; Gabon; Iraq (Obs.); Maldives; Papua New Guinea; Seychelles; Sierra Leone; South Africa; Thailand; and Tunisia).

#### **1 SUMMARY OF DISCUSSIONS**

1.1. Discussions by the members focused on the MSME Group's Work Programme. The Coordinator proposed a structure comprising five pillars, namely: 1) promoting MSMEs' access to information; 2) building capacity to promote MSME trade inclusion; 3) providing policy guidance; 4) implementing the December 2020 MSME package; and 5) strengthening engagement with the private sector and other stakeholders. Members were supportive of this proposed Work Programme.

1.2. Regarding the first pillar, work would focus on the further development of the Trade4MSMEs platform and support to the Global Trade Helpdesk. In addition to these tools, it was also suggested that the MSME Group should support ePing and its MSME accessibility.

1.3. For the second pillar, concrete deliverables were proposed in the form of Handbooks compiling the MSME and Policymaker Guides of the Trade4MSMEs platform and a compendium of good practices related to MSME integration in national AEO programs, combined with an experience sharing session proposed for July.

1.4. In relation to the third pillar, the MSME Group will continue exploring issues of particular interest to MSME trade with a view, where relevant, to developing policy guidance in the form of recommendations. Suggested topics included those previously raised at MSME Group meetings such as MSME provisions in RTAs; digitalization; low-value shipments; sustainability; rural MSMEs; and informality. Additionally, one member suggested that the MSME Group should consider artificial intelligence and how this technology could benefit MSME access to information and trade

<sup>1</sup> Angola; Argentina; Australia; Austria; Barbados; Botswana; Brazil; Brunei Darussalam; Cabo Verde; Canada; China; Colombia; Czech Republic; Dominican Republic; European Union; France; Gabon; Georgia; Germany; Guatemala; Guyana; Honduras; Hong Kong, China; Iraq (Obs.); Ireland; Japan; Kenya; Korea, Republic of; Malaysia; Maldives; Moldova, Republic of; Mongolia; Nigeria; Papua New Guinea; Peru; Philippines; Poland; Portugal; Russian Federation; Seychelles; Sierra Leone; Singapore; South Africa; Spain; Sweden; Switzerland; Chinese Taipei; Thailand; Tunisia; Türkiye; Ukraine; United Kingdom; United States of America; Uruguay.

participation. Members were encouraged to submit discussion papers on topics of interest in order to direct discussions.

1.5. The fourth pillar continues the MSME Group's implementation of the December 2020 Package. At this most recent meeting, three members reported on their inclusion of MSME information in their TPRs and one member reported on their plans to do so later in 2023. In the context of this discussion and related to the second recommendation of the December 2020 Package, representatives from the ITC provided a presentation of their updates, outreach and plan of work for the Global Trade Helpdesk. MSME Group members were again encouraged to review their information on the Global Trade Helpdesk to ensure its relevance. An update was also provided on the Trade4MSMEs platform including its new developer, revamp and additions of country-specific information.

1.6. In the fifth pillar, the Coordinator noted the need to continue the Group's discussions with the private sector through the Group's Newsletter and annual meetings with the private sector, and the Trade4MSMEs Network with other International Organizations and development banks.

1.7. The winners of the 2022 Small Business Champions, Association Professionnelle Accompagnements Valeurs Expertises Conseils (A.V.E.C) (Benin) and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) presented the progress of their projects. Both projects are well-under way. A.V.E.C began its initiative in November 2022 and has run several activities and events to identify partners and beneficiaries. A.V.E.C has successfully reached out the Benin government and hopes to receive some funds to support their efforts. TCCIA is working to organize a 3-day summit for MSMEs, NGOs and others to focus on the transition to the green economy. It was noted that Tanzania's environment policy is outdated but there is hope that this summit could fast-track much needed policy changes. Both representatives noted the importance of winning the ICC, ITC, WTO MSME Group Small Business Champions award for the exposure it provided and the way it allowed additional networking and identification of resources.

1.8. The Group also received three presentations. The first was from the ITC regarding India's presidency of the G20 for which the ITC has been invited to serve as a knowledge partner. One of the G20 streams of work focuses on integrating MSMEs into international trade through access to information, finance and markets. The ITC also presented on its most recent SME Competitiveness report titled "Connected Services, Competitive Business". Services are an important area of trade growth for MSMEs and quality services can allow for substantial efficiency gains. Finally, the ICC presented their recent SME Climate Impact Report in which they identify policy levers that can help MSMEs take more climate action. These can be categorized into three broad areas of support, namely providing MSMEs with tailored guidance and training; promoting collaboration; and addressing the issue of MSME resource constraints.

1.9. The Group agreed to issue a call for research papers on the impact of MSME provisions in regional trade agreements. Papers are due by 1 August 2023. The Coordinator also announced that the third edition of the ICC, ITC, MSME Group Small Business Champions would be released on 16 March via social media. The deadline to submit proposals is 5 May 2023 and winners will be announced on MSME Day 2023.

1.10. Finally, Ambassador José Luís Cancela, who has been coordinator of the MSME Group since 2018, announced his impending departure from Geneva in October 2023 and invited delegations interested in coordinating the activities of the Group to make their position known by 23 March. Ambassador Matthew Wilson from Barbados expressed an interest in taking over the position.

## **2 NEXT STEPS**

2.1. The next open-ended meeting of the MSME Group is planned for 26 April, during which time the annual meeting with the private sector is also scheduled to occur. Additional meetings planned are for 27 June (MSME Day); 28 June; 12 October and 7 December.

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**ANNEX****PRESENTATION SUMMARIES****1 INTERNATIONAL TRADE CENTRE (ITC) – KNOWLEDGE PARTNER TO INDIA'S G20 PRESIDENCY**

1.1. In its role as the 2023 G20 president, India invited the ITC as a knowledge partner given India's interest of focusing on MSME inclusion in international trade. The ITC noted that MSME issues are not new for the G20, having first been introduced in 2015 in the Turkish agenda linked to inclusive growth. MSMEs were also considered under China's G20 presidency in 2016 to integrate MSMEs in GVCs and Saudi Arabia's G20 presidency in 2020. In 2021, the Italian G20 presidency also issued its non-binding toolkit to support MSMEs Born Green via Digital. In 2023, the ITC has been working with India to develop research notes looking at three key challenges for MSMEs: access to information; access to finance; and access to markets. The G20 will discuss actions to be taken during their first Trade and Investment Working Group (TIWG) meeting at the end of March 2023 and the ITC will report back to the MSME Group.

**2 INTERNATIONAL TRADE CENTRE (ITC) – 2022 SME COMPETITIVENESS REPORT**

2.1. The ITC presented its annual flagship report from 2022 titled "[Connect services, Competitive businesses](#)". This study observes that countries are facing a growing challenge of reigniting economic growth in the face of multiple catastrophes, but services are an exception, driving 80% of growth in developing economies. The ITC chose to focus on a subset of tradeable, highly productive and "connected" services including transport and logistics; financial; information; and communication. These services are considered connected because they bring firms together within value chains. Overall, the ITC found that services are critical for MSMEs in terms of increasing efficiency, thereby providing more opportunity for growth. They provide more value-added to exports than manufacturing (5% compared to 3.7%) and show a much higher increase in employment (8% compared to 4% for manufacturing). The report concludes with various recommendations for policymakers to support connected services development, including building networks; promoting innovation; deepening skills; and leveraging finance.

**3 INTERNATIONAL CHAMBER OF COMMERCE (ICC)**

3.1. The ICC presented [The Climate Impact of SMEs report](#), which was launched at COP27 with their partner Sage. This report seeks to promote a global approach to climate regulation and put a renewed emphasis on MSMEs as key stakeholders for decarbonization. The report surveyed more than 4,000 SMEs in the United Kingdom and South Africa about their views on sustainability and how they apply to their businesses. Overall, the study found that MSMEs are eager to take climate and environmental action, however this action is often limited due to financial constraints. That is, MSMEs will tend to take action on "low-hanging" fruit when it comes to decarbonization and 16% even report that switching to more environmental practices can attract new customers. However, MSMEs face significant hurdles when it comes to more substantial environmental changes. Overall, the report identifies 11 policy recommendations to help MSMEs transition to more sustainable business practices, including adapting standards and reporting requirements; providing tailored guidance and training; fostering the use of digital technologies; and addressing trade barriers.

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