



## INFORMAL WORKING GROUP ON MSMEs

### CONSOLIDATION OF POTENTIAL TOPICS AND ACTIONS FOR FUTURE WORK BY THE IWG ON MSMEs

The following document, dated 26 November 2020, is being circulated at the request of the Coordinator of the Informal Working Group on MSMEs.

This document consolidates potential topics and actions for future work by the Informal Working Group on MSMEs. This document is a mere consolidation of suggestions made in different contexts and by different stakeholders. It does not imply any endorsement by the Group. It is up to Members to decide which topics to work on. Suggested topics are framed within four sections:

- The Trade4MSMEs platform (i.e. which used to be referred to as "the MSME web platform");
- The implementation of IWG's recommendations involves a few follow-up actions by the WTO secretariat and topics that could be monitored by the IWG;
- IWG's recommendations include topics that could be further explored; and
- Topics suggested by different stakeholders, including IWG members, the private sector, the G20, and webinar speakers.

#### 1 TRADE4MSMEs

1.1. One IWG member suggested to review the operationalization of the Trade4MSMEs platform (**Switzerland**).

1.2. Establishment of a task force to oversee the development of the Trade4MSMEs platform.

#### 2 IMPLEMENTATION OF IWG'S RECOMMENDATIONS

##### Follow-up actions by the WTO secretariat

2.1. **Trade Policy Reviews.** The recommendation calls on the WTO Secretariat to establish and maintain a database of MSME-related information collected or provided by Members in their Trade Policy Reviews ([INF/MSME/3/Annex 1](#)).

2.2. **Access to finance and cross-border payments.** The declaration invites the WTO Secretariat to organize, with the support of relevant international organizations, information sessions on trade-related aspects of MSMEs' access to finance and cross-border payments including, for example, the global Legal Entity Identifier (LEI) ([INF/MSME/3/Annex 6](#)).

##### IWG monitoring

2.3. **Integrated Database (IDB).** The text recommends that IWG members support the implementation of the May 2019 IDB by voluntarily providing additional information to the

IDB and/or by enabling the automatic electronic transmission of their tariff or import data to the IDB ([INF/MSME/3/Annex 5](#)).

2.4. **Global Trade Helpdesk (GTH)**. IWG members agree to support the GTH by voluntarily submitting information set out in the annex to the text ([INF/MSME/3/Annex 2](#)). The text instructs the Informal Working Group on MSMEs to review the operationalization of the declaration no later than two years after the adoption of the declaration.

### 3 OTHER FOLLOW-UP ACTIONS AND TOPICS FOR FURTHER EXPLORATION

3.1. **Trade facilitation**. The text (a) encourages WTO Members, when sharing their TFA implementation experiences in the WTO Committee on Trade Facilitation, to illustrate, as appropriate, how the interests of MSMEs are taken into account in order to identify and promote good practices for the implementation of the TFA in a MSME-friendly manner; (b) invites WTO Members, the WTO Secretariat and donor organizations to work together in order to design and provide capacity building and technical assistance that could consider the trade needs and challenges of MSMEs on the implementation of the TFA; and (c) calls on Members to endeavour to identify additional opportunities for trade facilitation and promote best practices, including the adoption of digital solutions to speed up customs procedures ([INF/MSME/3/Annex 3](#)).

3.2. **Domestic regulatory development**. The recommendation encourages the exchange of experience on involving MSMEs in domestic regulatory development ([INF/MSME/3/Annex 4](#)).

3.3. **Access to finance and cross-border payments**. The declaration calls on Members to exchange best practices and information on technical assistance related to on trade-related aspects of MSMEs' access to finance and cross-border payments.

### 4 SUGGESTED TOPICS FOR THE FUTURE WORK OF THE IWG

4.1. Different sources have been used to compile the following list of potential topics for future work of the IWG. First, IWG members suggested various topics for consideration by the IWG, which were compiled in document [INF/MSME/W/21/Rev.3](#). These proposals are referred to as **IWG members' suggestions** below. Second, in response to the Chair's request for ideas following the October 2020 meeting, some IWG members suggested additional topics. These topics are highlighted with the **name of the IWG member**. Third, the private sector has also made various suggestions, some of which were consolidated in document [INF/MSME/W/17](#) (issued in November 2019). Further proposals were received later. These proposals are referred to as **private sector's proposals** below. Fourth, the Communiqué of the G20 Trade and Investment Ministerial, circulated as a GC document, includes an annex dedicated to MSMEs and entitled "G20 Policy guidelines on boosting MSMEs' International Competitiveness" (see Annex II in [WT/GC/221](#)). Proposals contained in the MSME Annex of the Communiqué are referred to as **G20 proposals** below. Finally, some speakers of webinars organized in the context of the IWG made concrete suggestions, which are referred to as **webinar speakers' proposals** below. To facilitate discussions, suggestions have been grouped by categories.

#### Digitalization

4.2. One IWG member suggested to explore how to support digital-related skills development, in particular for women-owned and rural-based MSMEs (**Mexico's response to the Chair's request**).

4.3. The G20 recommends that G20 members adopt policies that help MSMEs benefit from digital transformation and seize opportunities in new technologies for increased competitiveness through appropriate educational systems, adequate innovation policy support instruments, and innovation incentives (**G20's proposal**).

4.4. The G20 recommends that G20 members support national and international efforts to enhance the transparency of terms and conditions of cross-border sales on digital platforms (**G20's proposal**).

4.5. At the webinar on paperless trade organized on 18 June 2020, speakers presented and promoted the adoption of the UNICTRAL Model Law on Electronic Transferable Records, which is

meant to enable the legal recognition of electronic transferable documents (**webinar speakers' proposals, see also [INF/MSME/R/15](#)**).

4.6. Speakers at the 26 June MSME day event also stressed the need for further discussion on long-term support measures, such as assistance for MSMEs to adopt digital technologies (**private sector's proposals**).

4.7. Following a presentation by Ms Jennifer Brant, Director of The Cyber Readiness Institute, on 27 March 2019, during which she noted that around 60 per cent of MSMEs suffers from cyber-attacks due to lack of technology capacity and awareness and stressed the need for cyber readiness technology solutions and relevant training programmes for MSMEs, a proposal was submitted to the Group to suggest that Members work with relevant organizations and national stakeholders to increase awareness of cybersecurity issues for MSMEs and promote and disseminate tools to help MSMEs improve their cyber-readiness (**see also [INF/MSME/W/20](#) and the webinar speaker's presentation [here](#)**).

#### Customs duties in the context of e-commerce

4.8. A suggestion was made in the context of the IWG to explore existing de-minimis practices and their impacts on MSMEs (**IWG Members' suggestions**).

4.9. The Global Expression Association recently sent to the Group a proposal for a simplified revenue collection procedure for low-value shipments that would boost trade and benefit MSMEs (**private sector's proposals, see also [here](#)**). One IWG member suggested discussing this proposal (**Switzerland**). WTO Members "should endeavour to undertake a thorough analysis of the impact of existing de minimis thresholds on small firms, as well as work towards a global de minimis threshold of £1,000 (or equivalent in national currency). The de minimis threshold should reach a balanced level, but at least prevent the improper splitting of shiploads" (**private sector's proposals**).

#### Access to information

4.10. The "e-ping notification alert system should be extended" (**private sector's proposals**).

4.11. The transparency obligations of WTO Members should be strengthened, "...including through counter-proposals (i.e. the possibility for Members to make notifications on behalf of Members who do not comply with their notification obligations)" (**private sector's proposals**).

4.12. Speakers at the 26 June 2020 MSME day event also highlighted the need for further discussion on long-term support measures including assistance for MSMEs to find new market channels to continue operation (**webinar speakers' proposals, see also [INF/MSME/R/17](#)**).

#### Access to finance and cross-border payment solutions

4.13. WTO Members "should endeavour to design domestic banking regulations that incentivize lending to small businesses" (**private sector's proposals**).

4.14. WTO Members "should examine supporting alternative forms of finance such as lending platforms and crowd investment to plug trade finance gaps" (**private sector's proposals**).

4.15. At the webinar on cross-border payments organized on 17 June 2020, speakers noted that only about one quarter of WTO Members have fully liberalized cross border payments and money transmission and stressed the need for further market access commitments in these sectors. Also, speakers mentioned that payment-tech start-ups are well placed to support MSMEs but struggle to cooperate with large banks to access global payment systems (such as SWIFT or SEPA), and therefore recommended WTO Members to improve the relationship between fintech startups and large banks (**webinar speakers' proposals, see also [INF/MSME/R/14](#)**).

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## Trade facilitation

### a) Single windows

4.16. WTO Members "should commit to establishing or maintaining a single window enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the participating authorities or agencies" **(private sector's proposals)**.

4.17. WTO Members "should advance the interoperability of Electronic Single Window and should include engagement with MSMEs to better understand their drivers, needs and perspectives" **(private sector's proposals)**.

### b) Authorized economic operators

4.18. WTO Members "should exchange best practices and past experiences, especially in terms of accommodating particular MSME needs into Authorized Economic Operator programs" **(private sector's proposals)**.

4.19. "Harmonization of global standards for AEO programs and the adoption of Mutual Recognition Agreements on AEO concepts based on internationally recognized standards" should be promoted to reduce bureaucracy, especially for MSMEs **(private sector's proposals)**.

4.20. WTO Members could "improve MSME engagement with AEO schemes through capacity and capability development programmes for MSME traders as well as awareness raising campaigns on the opportunities and benefits AEO schemes offer for MSMEs. Reviewing AEO processes and whether MSMEs face barriers from a cost and compliance perspective may also be necessary" **(private sector's proposals)**.

### c) Customs procedures

4.21. "The obligation of local representation by customs agents remains an obstacle for MSMEs in many countries" **(private sector's proposals)**.

4.22. WTO Members "should endeavour to examine how to simplify commodity codes and ensure that it keeps up with the latest technological developments" **(private sector's proposals)**.

## Regional Trade Agreements and Preferential treatment

4.23. A suggestion was made in the context of the IWG to explore MSME-related provisions in regional trade agreements and exchanging relevant experiences and best practices in that respect **(IWG Members' suggestions)**.<sup>1</sup>

4.24. WTO Members "should endeavour to exchange best practice on small business chapters within the WTO's committee on regional trade agreements, including examining how any future agreements impact the participation of MSMEs" **(private sector's proposals)**.

4.25. WTO Members "should endeavour to ensure that any future free trade agreements contain a comprehensive small business chapter" **(private sector's proposals)**.

4.26. WTO Members "should examine and work together to reduce the burdens imposed on small businesses by the rules of origin and associated requirements with a view to enhancing the use of preferential treatment opportunities by MSMEs. For instance, WTO Members could ratify and comply with the provisions of the revised Annex K of the Kyoto Convention of the World Customs Organization, which harmonizes and simplifies definitions, principles, and standards with regard to origin. Also, WTO Members could endeavour to conduct awareness raising campaigns amongst small

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<sup>1</sup> In 2019, the WTO Secretariat compiled all MSME-related provisions featured in Regional Trade Agreements. The database is available [on the WTO webpage](#).

firms located in their countries of the benefits of any free trade agreement and provide sufficient support to encourage uptake" **(private sector's proposals)**.

### **Covid-19**

4.27. One IWG member suggested to explore whether there is potential for the IWG to address the pandemic and in particular MSMEs. How can the IWG include MSMEs' interests in the economic recovery? How can the IWG ensure that MSMEs' situations are better taken into account in potential future crises? The mapping of MSMEs support measures provides an excellent basis to identify relevant trade-related practices. The IWG could consider actions to promote such good practices **(Switzerland's response to the Chair's request)**.

### **Export support**

4.28. WTO Members "should exchange best practice on export support mechanisms to help more small firms on their export journey" **(private sector's proposals)**.

### **Capacity-building and network opportunities**

4.29. One IWG member suggested to further explore how to support MSME skills development **(Mexico's response to the Chair's request)**.

4.30. The G20 recommends that G20 members strengthen MSME-MNC linkages with a view to boosting MSMEs' capacity to connect and to upgrading MSMEs' practices and capabilities, and thereby to improve MSMEs' competitiveness. The G20 has identified a few concrete proposals to achieve these two objectives, namely, (a) strengthen business support organisations that host informal portals on competitiveness of local MSMEs and offer matchmaking services; and (b) step up efforts to regularly collect, firm-level data for better informed policy making and the facilitating of MNC-MSME matchmaking **(G20's proposal)**.

4.31. WTO Members should support MSME engagement in capacity-building programs, such as through contributing to the development of executive leadership training for MSMEs tied to ISO/IEC 17024 certification for trade professionals in the areas of trade policy, trade regulation & compliance and trade finance & supply chain finance **(private sector's suggestions)**.

4.32. WTO Members should support MSME mentoring, networks, and access to affordable and trusted consulting services **(private sector's suggestions)**.

### **Intellectual property**

4.33. A suggestion was made in the context of the IWG to explore how the effective use of intellectual property rights could help MSMEs succeed in global trade **(IWG Members' suggestions)**.

### **Investment**

4.34. A suggestion was made in the context of the IWG to explore mechanisms and measures that contribute to facilitating MSMEs' participation in international investment flows **(IWG Members' suggestions)**.

### **Evidence-based policy making**

4.35. A suggestion was made in the context of the IWG to exchange good practices on the collection of trade statistics with firm-size characteristics and consider measures that could be taken to improve these data to better understand MSME's roles in global value chains and the impact of policies aimed at increasing MSME integration in international trade **(IWG Members' suggestions)**.

4.36. The G20 recommends that G20 members "step up efforts to regularly collect to the extent practicable, firm-level data for better informed policy making and the facilitation of MNC-MSME matchmaking" **(G20's proposal)**.

4.37. WTO Members "should adopt key performance indicators to guide them to improve MSME participation in international trade" (**private sector's proposals**).

#### Other

4.38. One IWG member suggested that IWG members voluntarily present their domestic MSME policies and measures to support their MSMEs in international trade (**South Korea, see also [INF/MSME/W/26](#)**).

4.39. One IWG member suggested to emphasize work on micro enterprises (**Mexico's response to the Chair's request**).

4.40. One IWG member suggested to discuss how WTO Members can apply the provisions in the Anti-Dumping Agreement (Article 6.13) and the Agreement on Subsidies and Countervailing Duties (Article 12.11) in a manner to reduce MSMEs burden and providing any practicable assistance (**South Korea, see also [INF/MSME/W/27](#)**).

4.41. At a webinar organized in 2020, Ms. Boyd underscored the need to move enterprises from the informal economy to the formal economy by facilitating company registration and access to export licences, among other necessary documentation (**webinar speakers' proposals, see also [INF/MSME/R/16](#)**).

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