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## INFORMAL WORKING GROUP ON MSMEs

### DRAFT COORDINATOR'S REPORT

The following communication, dated 25 September 2023, is being circulated at the request of the Coordinator of the Informal Working Group on MSMEs, Ambassador Matthew Wilson (Barbados).

The present document recaps key activities undertaken, and outcomes achieved, by the Informal Working Group since its establishment at MC11 and provides a state-of-play of current discussions. It is circulated under my own responsibility as Coordinator of the Informal Working Group.

#### **1 SINCE THE 11TH WTO MINISTERIAL CONFERENCE THAT TOOK PLACE IN BUENOS AIRES, ARGENTINA, IN DECEMBER 2017, THE INFORMAL WORKING GROUP ON MSMEs (THE IWG):**

1.1. Adopted on 11 December 2020 a package ([INF/MSME/4](#) and [INF/MSME/4/Rev.2](#)) including the following six recommendations and declarations:

- a. Recommendation on the collection and maintenance of MSME-related information (Annex 1)<sup>1</sup>;
- b. Declaration on access to information (Annex 2);
- c. Recommendation on trade facilitation and MSMEs (Annex 3);
- d. Recommendation on promoting MSMEs' inclusion in regulatory development in the area of trade (Annex 4);
- e. Recommendation on MSMEs and the WTO Integrated Database (Annex 5);
- f. Declaration on addressing the trade-related aspects of MSMEs' access to finance and cross-border payments (Annex 6).

1.2. Launched the Small Business Champions Initiative in 2021, an annual contest carried out jointly with the International Chamber of Commerce and the International Trade Centre that rewards outstanding projects that support MSME trade and development. Eleven projects have been granted an award since the launch of the competition.

1.3. Launched the Trade4MSMEs Platform in December 2021 and the Trade4MSMEs network in June 2022. The Trade4MSMEs Platform serves as a gateway to trade information for MSMEs, policymakers and researchers while the related Trade4MSMEs network is a partnership with key International Organizations working on MSME and trade-related issues. An improved version of the Trade4MSMEs Platform including new guides and country pages was launched in June 2023 for MSME Day.

1.4. [Launched a MSME Handbook with the information from the Trade4MSMEs Platform guides to equip small businesses with basic knowledge on how to trade internationally.]

1.5. [Launched a Policymakers' Handbook with the information from the Trade4MSMEs Platform guides to help policymakers design measures tailored to the needs of small companies.]

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<sup>1</sup> For Annexes, please refer to document [INF/MSME/4](#) and [INF/MSME/4/Rev.2](#).

1.6. [Launched a compendium of good practices on authorized economic operators (AEO) programs and MSMEs to foster the participation of small businesses in such programs and allow them to benefit from the advantages that such programs offer in terms of accelerated customs clearance.]

1.7. [Launched a compendium of initiatives to support access to finance by women-led MSMEs, developed jointly with the Informal Working Group on Trade and Gender and the ITC, to promote financial inclusion of women-led small businesses.]

1.8. Welcomed the launch, in June 2023, of The Trade Game in English [, French and Spanish], a novel approach to export readiness and trade learning for MSMEs.

1.9. Welcomed the establishment of the MSME Regional Trade Agreements and Trade Policy Review databases available on the WTO webpage.

1.10. Welcomed the notes on RTAs ([INF/MSME/W/6](#), [INF/MSME/W/6/Rev.1](#), [INF/MSME/W/6/Rev.2](#), [INF/MSME/W/6/Rev.3](#) and [INF/MSME/W/40](#)) and the [5] research notes prepared by the Secretariat.<sup>2</sup>

1.11. Contributed to the annual commemoration of the United Nations MSMEs day by hosting high level events and developing messaging highlighting the importance of trade for MSME competitiveness.

1.12. Collaborated with the WTO Informal Working Group on Trade and Gender, and the Trade and Environmental Sustainability Structured Discussions on a joint event on "Women-led MSMEs, Trade and Climate Change – Adapting and Investing for the Future".

## 2 LOOKING FORWARD:

2.1. The MSME Group will continue monitoring the progress of implementation of the recommendations and declarations set out in paragraph 1.1.

2.2. The MSME Group will continue to focus on issues of core significance to MSMEs and shall identify actions that could be taken to promote MSMEs' participation in international trade, building on the work carried out since MC11 as reflected in Annex 1.

2.3. The MSME Group will pursue its work on the basis of the Buenos Aires Joint Ministerial Statement ([WT/MIN\(17\)/58/Rev.1](#)), recommendations and declarations set out in paragraph 1.1, and Annex 1, and will consider proposals submitted by members as well as any other inputs the Group deems relevant.

2.4. MSME Group members, with the support of the WTO Secretariat and relevant multilateral institutions, are invited to exchange good practices in areas of interest to the Group and to organize workshops and information sessions as appropriate.

2.5. The MSME Group shall meet at least twice a year and may hold additional meetings as appropriate.

2.6. The MSME Group shall promote effective coordination and information exchange on MSME-related issues with the other WTO regular working bodies, and MSME Group members shall do their best to promote MSME-related discussions within those bodies.

2.7. The MSME Group will continue to periodically share with the membership information on its work and discussions at the HoDs, General Council and the Ministerial Conference as well as to reach out to other Members in order to invite them to join the Group in light of the value of our initiative.

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<sup>2</sup> The five research notes include: 1) Recent Evolution of Developed-Economy MSME Participation in International Trade; 2) Small and Medium Manufacturing Enterprise Trade Participation in Developing Economies; 3) Small Business and Climate Change; 4) [forthcoming]; and 5) [forthcoming].

2.8. The MSME Group and its members should continue the existing annual dialogue with the private sector to ensure its work remains relevant for MSMEs.

2.9. The MSME Group and its members should continue the existing dialogue with other international and regional organizations that work on MSME issues to promote coordination of action at the international level. Such dialogue will continue to take place in the context of the Trade4MSMEs network established in 2022.

2.10. The MSME Group will continue to explore joint events and messaging with other WTO Committees and informal groups including the Informal Working Group on Trade and Gender, the Trade and Environmental Sustainability Structured Discussions, and the Dialogue on Plastics Pollution and Environmentally Sustainable Plastics Trade.

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## ANNEX

### MAPPING OF KEY ISSUES DISCUSSED BY THE GROUP SINCE MC11

*(by alphabetical order)*

#### 1 CROSS-BORDER PAYMENTS

Following the adoption of the Declaration on addressing the Trade Related Aspects of MSMEs' Access to Finance and Cross-Border Payments (Annex 6 of the December 2020 MSME package)<sup>1</sup>, the Group heard several other presentations on this topic, including by Uruguayan e-payment company dLocal in May 2021; the World Economic Forum (WEF), the Inter-American Development Bank (IADB) and Visa in October 2022; and Singapore in April 2023.

Speakers underlined the importance of payment interoperability to support e-commerce, but perhaps even more importantly regulatory interoperability between economies' payments systems. They stressed the importance of establishing common disciplines around electronic payments to provide secure and internationally operable systems. Lack of infrastructure and cyber-crimes were also noted.

Speakers called for continued investment in basic infrastructure for the digital economy, both physical and regulatory: a) a commitment to interoperable systems to ensure that payments can be made across borders; b) a commitment for international coordination pertaining to innovation and regulations; and c) a commitment for multi-stakeholder engagement in the design of regulations. They noted that all of these are essential for functioning cross-border digital payment systems. They also stressed the need to build good regulatory practices to reduce market barriers and promote innovation. One best practice that was cited was the Singapore-Australia Digital economy Agreement which seeks to foster digital payment interoperability and standardization to increase secure, functioning payment transactions.

#### 2 DIGITALIZATION

Various issues related to digitalization and its benefits for MSMEs have been discussed over the past few years, in particular in relation to cyber-readiness and paperless trade (or trade digitalization). Several members, including Bahrain, Canada, Singapore, and the UK shared their good practices on digitalization to support MSME trade.

##### 2.1 Cyber-readiness

The Group heard several presentations on this topic, including by the Cyber-readiness Institute in March and October 2019, Cybersecure Canada in February 2021, TechUK in May 2021, and the

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<sup>1</sup> The Declaration:

(1) calls on WTO Members to consider the trade-related aspects of MSMEs' access to finance and cross-border payments and to actively engage in relevant fora, such as the Informal Working Group on MSMEs in cooperation with relevant WTO bodies and relevant multilateral institutions, to identify concrete measures that can facilitate addressing the challenges linked thereto with a view to promote their international diffusion, particularly through: a) the exchange of best practices; and b) information sharing on relevant technical assistance and capacity building;

(2) Welcomes international initiatives aimed at facilitating adoption of a global legal identification system for companies such as the global Legal Entity Identifier (LEI) and invite WTO Members to cooperate in such initiatives;

(3) Invites the WTO Secretariat to organize, with the support of relevant international organizations, information sessions on topics related to trade related aspects of MSMEs' access to finance and cross border payments including, for example, the global Legal Entity Identifier (LEI), to inform reflections and potential actions of Members;

(4) Encourages all WTO Members, in cooperation with other multilateral institutions, to consider the trade related aspects of MSMEs' access to finance and cross border payments, taking into account the context of the economic recovery during and post Covid 19, particularly, in the most affected developing countries and LDCs.

Global Cyber Alliance in April 2022. The issue of cyber-readiness was also mentioned by international organizations participating in the Trade4MSMEs network meeting of June 2023 as a top issue that MSMEs face (see [INF/MSME/W/44](#)).

Speakers emphasized that MSMEs are the main target of cyber-attacks. It was noted that the majority of small companies go out of business within six months of a cyber-attack and that cyber-readiness is one of the key characteristics assessed when large companies select their business partners. MSMEs often begin to trade internationally as part of a value chain. Therefore, lack of cyber-readiness impedes MSME participation in global value chains.

Speakers noted that raising awareness of the importance of MSME cyber-readiness and promoting tools to help MSMEs improve their cyber-readiness, including through certification programs was crucial to increase MSMEs' access to international markets and global value chains. This could be achieved through information sessions about existing cyber-readiness training and certification programs for MSMEs, exchanges and mapping of good practices, and promotion of the use and recognition of such programs.

## **2.2 Paperless trade through:**

### **2.2.1 Recognition of e-documents and the UNCITRAL Model Law on Electronic Transferable Records (MLETR)**

The Group heard many presentations on the importance of putting in place legislation to recognize e-documents as equivalent to paper documents to promote trade digitalization and on the benefits that the latter brings to MSMEs, including presentations by United Nations Commission on International Trade Law (UNCITRAL); Bahrain, Abu Dhabi Global Markets and the UK chapter of the International Chamber of Commerce in June 2021; Singapore in April 2023; and the ICC Digital Standards Initiative and the International Federation of Freight Forwarders Associations (FIATA) in July 2023. This issue was also raised during the private sector dialogues that the MSME Group held in 2022 and 2023 and during the Trade4MSMEs network held in June 2023.

Speakers noted that international trade remains very paper intensive and that paper-based processes place a heavy burden on MSMEs wishing to trade internationally. Digitizing transferable trade documents could significantly boost MSME trade and help reduce the trade finance gap that impacts MSMEs. They referred to the work of UNCITRAL to promote the digitization of transferable trade documents through the Model Law on Electronic Transferable Records (MLETR) adopted in 2017 and noted the importance of adopting national legislation in line with this Model Law to promote trade digitalization, and through this facilitate trade processes and MSME participation in international trade.

Speakers encouraged governments to give due consideration to adopting legislation compliant with the UNCITRAL MLETR as a way to promote trade digitalization and MSME trade and invited the MSME Group to work with UNCITRAL to raise knowledge and awareness about the MLETR and its importance for trade digitalization and MSME trade.

### **2.2.2 Standards to digitalize trade**

In July 2022, the Group heard a presentation by the UK Institute of Exports & International Trade (IOE&IT) and TradeMark East Africa on the UK-Kenya Trade Logistics Information Pipeline (TLIP) which aims to digitalize the trade process for exporters. This presentation was followed in October 2022 by a more technical presentation by the IOTA Foundation, the technical partner of IOE&IT and Trademark East Africa on the TLIP project, on the role of standards to promote efficient trade digitalization. The TLIP project has faced a number of challenges due to the inconsistent use of standards by various actors involved in international trade processes, including government agencies. In April 2023, Singapore gave a presentation to the MSME Group on its work to facilitate seamless end-to-end digital trade through electronic customs forms, including e-certifications, e-bills of lading, and e-invoicing.

Speakers noted that MSMEs can benefit significantly from trade digitalization and the resulting reduction in trade frictions and costs. They stressed the need for standards harmonization across trade in order to digitalize and automate international trade and welcomed the work of the

ICC Digital Standards Initiative in this area. The ICC-WTO Standards Toolkit was referenced as a starting point to increase standardization.

Looking forward, the Group could raise awareness of global standards for trade digitalization to drive adoption and promote interoperability and encourage stakeholders involved in international trade to use globally accepted standards when developing solutions to digitalize trade.

### 3 INFORMALITY

In September 2021, the Group heard a presentation by the United Nations Commission for International Trade Law (UNCITRAL) on the legislative guides on business registration and limited liability enterprises. These legislative guides aim at reducing legal obstacles to small business registration and look to benefit start-ups and informal MSMEs who are looking to join the formal economy. They provide guidance to governments to craft a simplified legal form for MSMEs to facilitate their registration and operation, thus enhancing their chances of success and growth.

Given the prevalence of informality among small businesses in many economies, the Group could consider encouraging WTO Members to implement the two UNCITRAL legislative guides to facilitate small business registration and operations.

### 4 INTELLECTUAL PROPERTY & INNOVATION

The Group heard three presentations from WIPO on this issue in July 2021, November 2021, and April 2023. WIPO noted that MSMEs that make use of intellectual property (IP) generate more revenue than those that do not. However, MSMEs do not always know how to make the best use of IP or its potential benefits to increase competitiveness and visibility as well as to avoid the risk of unknowingly infringing on proprietary content. In fact, only a low percentage of MSMEs (e.g., only 9% in Europe) use IP as part of their strategy. WIPO presented the various tools it has developed to support MSME Growth and innovation, such as the IP Diagnostic Tool, IP for business guides, and Inventor Assistance Program. WIPO also continues to look into IP as a form of collateral to increase MSME access to finance and presented the findings of its 2022 study [Intangible Asset Finance: Moving Intangible Asset Finance from the Margins to the Mainstream](#) to the MSME Group in April 2023.

WIPO suggested the Group consider adding a point on IP in the "checklist of MSME-related information to voluntarily include in WTO Trade Policy Reviews" appended to Annex 1 on the collection of MSME-related information in TPRs of the December 2020 package. WIPO also invited members of the Group to share information on WIPO's tools with their constituents. Lastly, WIPO noted that the issue of IP as a form of collateral to increase MSME access to finance is something for the MSME Group to consider in relation to Annex 6 of the December 2020 MSME Package on access to trade-related finance.

In July 2021, the Group also heard a presentation by the WTO IP Division on discussions on MSMEs, IP and innovation in the context of the TRIPS Council and challenges that MSMEs face in using the IP system, including cost, enforcement, and a high reliance on informal IP or "knowhow". Members of the Group expressed interest in working more closely with the TRIPS Council and with WIPO to explore ways to address these challenges.

### 5 LOW VALUE SHIPMENTS

In February 2021 and October 2022, the Global Express Association (GEA) presented to the Group ideas to streamline the customs treatment of low value shipments. These ideas were circulated in [INF/MSME/P/2](#) and [INF/MSME/P/3](#). Australia and Canada shared their experience with the Group in May and September 2021.

Speakers noted that e-commerce has become an essential channel for MSMEs to access global markets, particularly in developing countries. This trend has resulted in a higher likelihood of MSMEs sending or receiving low-value shipments. However, excessive complexity makes it difficult for MSMEs to comply with fiscal requirements at the destination. This may discourage them from exporting to these countries and deprive them of opportunities to grow. In addition, customs and border agencies are facing challenges in processing the growing volumes of small parcels efficiently,

which not only leads to revenue loss for governments but also creates a frustrating experience for consumers. As a result, this issue can have significant unintended consequences that affect governments, traders, and consumers alike. Simplifying the customs treatment of low value shipments could help countries ensure they efficiently collect the appropriate duty or tax on low-value dutiable shipments; curb undervaluation; keep a focus on security; and alleviate border congestion; and make it easier for MSMEs to calculate and remit tax or duty at destination and grow their business in those markets.

Speakers noted that various countries have successfully set up models in this area that could serve as an inspiration. The GEA also stressed the need for a global database that would be the central reference point for the applicable duty bands, their corresponding rates as well as the applicable exchange rate. Such a global database should be located at a central point, for example an international organization such as the WTO, and would be provided with the information electronically and automatically from the participating governments through an API (Application Programming Interface).

Looking forward, the Group could draw on the experience of countries that have successfully set up models in this area and consider the following actions<sup>2</sup>:

- a. Voluntarily set a low-value dutiable shipment threshold in line with the WCO's Immediate Release Guidelines (referred to as Category 3 "Low Value Dutiable Shipments"). Each country would maintain its own threshold depending on its individual circumstances. Below this threshold, a simplified border process and collection method would apply.
- b. Ensure that rules and procedures for calculating, collecting and remitting duties, taxes, or both, as the case may be, are simpler than formal clearance rules for shipments above the said threshold, and as easy to implement as possible for governments, merchants of all sizes, and carriers, with a view to minimizing costs incurred for transactions below any low-value threshold.
- c. As regards taxes only, avoid any discrimination in the treatment of foreign and domestic vendors.
- d. Ideally, establish a vendor-collect system that meets the following criteria:
  - i. Place the responsibility of collecting and remitting duty, tax, or both, as the case may be, on foreign vendors or their intermediaries.
  - ii. Set up a user-friendly registration system for foreign vendors, with simplified documentary requirements.
  - iii. Focus border formalities for these low-value shipments on health, safety, and security issues, whereas the calculation of taxes, duties or both is carried out off the border by the foreign vendor.<sup>3</sup>
  - iv. Allow for the periodic remittance of revenue thus collected by foreign vendors, rather than on a per transaction basis.
- e. Establish a central, digital duty/tax rate repository at the WTO for low-value shipment imports. This central database or repository would serve as the central reference point for the applicable rates and exchange rate for imports and would make it possible for e-commerce vendors to automatically and accurately calculate duties and/or taxes at destination by means of appropriate open-source software that links their on-line shops to the repository. Each participating government would make their respective duty and

<sup>2</sup> This would be without prejudice to existing *de minimis* thresholds, as the proposed actions are about efficiently collecting duties and taxes above the *de minimis* threshold.

<sup>3</sup> Nothing in this proposal would detract from the authority of Customs or other border agencies to stop, inspect, seize, or detain a low-value shipment in connection with health, safety, and security risks.

tax rate information publicly available and provide it to the central reference point. This information would be kept up to date, legally valid and reliable.

## 6 MSME FINANCING

Following the adoption of the Declaration on addressing the Trade Related Aspects of MSMEs' Access to Finance and Cross-Border Payments (Annex 6 of the December 2020 MSME package)<sup>4</sup>, the Group heard various presentations on access to finance, including a presentation in May 2021 on the work that the International Finance Corporation (IFC) is doing on supply chain finance; several presentations in February 2022 on the Legal Entity Identifier (LEI), a G20 endorsed, globally verifiable unique identity code for companies aimed at facilitating access to finance; and a presentation by the World Trade Board in July 2023 on their Financial Inclusion for Trade Roadmap, which includes a set of recommendations for financial institutions, regulators, and governments to promote financial inclusion. In July 2023, the UK tabled a communication for discussion titled "Supporting Women-Owned MSMEs" ([INF/MSME/W/43](#)), which describes the challenges women-owned businesses face to access finance; presents actions taken by the UK to promote access to finance by women entrepreneurs, in particular the adoption of the UK Investing in Women Code; and includes recommendations for action. The issue of MSME access to finance was also discussed during the private sector dialogues that the MSME Group held in 2022 and 2023 and during the Trade4MSMEs network meeting in June 2023.

Speakers noted that MSMEs face significant challenges accessing finance, especially women-owned MSMEs, in spite of the fact that supporting MSME access to finance could generate significant economic value.

Among possible actions that could be taken, speakers highlighted the need to raise awareness about SCF as a finance tool for MSMEs and to push for an appropriate legal and regulatory framework, to initiate a review of factoring laws in line with the UNIDROIT Model Law, to encourage mandatory e-invoicing, to support technical learning to financial institutions and MSMEs, to increase access to trade-receivables data points required to make credit decisions, and to accelerate adoption of digital identities, in particular the LEI, through mandated utilisation in the access and provision of financial and public services.

Regarding access to finance by female entrepreneurs, Group members were invited to share good practices and identify initiatives to support female entrepreneurs' access to finance. It was also noted that members could implement domestic programs to commit financial services organizations to nominate a member of their senior leadership team who will be responsible for supporting gender-equality, increase the transparency of financial services' firms data concerning support for female entrepreneurs, adopt international practices to improve female entrepreneurs' access to finance. Government could also support the Women Entrepreneur Finance Initiative hosted by the World Bank in their development of a Women Entrepreneurs Finance Code.

[The Group could consider making the compendium of measures taken by governments to support female entrepreneurs' access to finance launched at MC13 a living document. Drawing on the experiences mapped in the compendium, consideration could be given to developing specific policy guidance.]

## 7 RTAS

Noting that regional trade agreements (RTAs) have grown in scope and number over the years and that the number and diversity of provisions related to MSMEs in these RTAs have increased, the Group asked the Secretariat to develop a database of MSME-related provisions in RTAs. Since the launch of the database in 2019, some members of the Group have expressed strong interest in continuing updating the database to keep track of MSME provisions included in RTAs, encouraging governments to include such provisions in their RTAs, and exploring the impact of RTA provisions on MSME trade. The Group issued a call for papers in early 2023 to try and collect further evidence on the latter. At the request of members, the Secretariat also prepared an analytical note on MSME-provisions in RTAs circulated in document [INF/MSME/W/6/Rev.3](#).

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<sup>4</sup> For Annexes, please refer to document [INF/MSME/4](#) and [INF/MSME/4/Rev.2](#).



Looking forward, the Group could continue sharing experiences on the inclusion of MSME provisions in RTAs and collecting evidence on the impact of RTAs on MSME trade. The Group could also draw the attention of all WTO Members to the MSME RTA database and encourage WTO Members to make use of the database and to more systematically integrate MSME provisions in their RTAs.

## 8 RURAL MSMES

Some members expressed a keen interest in discussing issues related to rural MSMEs. In May 2021, Brazil gave a presentation to the Group on this topic. Brazil noted that rural MSMEs make up a significant portion of the economic participants in developing economies. Ensuring that they have access to international markets can benefit these actors by ensuring they have demand for their products and increasing efficiencies.

They proposed that the MSME Group could exchange best practices on rural MSME policies and hold a dialogue on trade facilitation and rural MSMEs in relation to Annex 3 of the package (the recommendation on trade facilitation and MSMEs).

## 9 SUSTAINABILITY

The Group heard diverse presentations on sustainability-related issues, including by the UN Global Compact in September 2021 on their new SME strategy; the ITC in February 2022 on their GreenToCompete initiative to build MSME capacity and strengthen their resilience in green markets; UNCTAD in February 2022 on behalf of G20 Italian Presidency on the "Non-Binding Policy Toolkit on Promoting Born Green via Digital MSMEs and Entrepreneurship in Global Supply Chains" developed in collaboration with the ITC, OECD, World Bank and WTO; UNCTAD in February 2022 on the Intergovernmental Group of Experts on International Standards of Accounting and Reporting (ISAR), created by ECOSOC and housed at UNCTAD, that aims to generate consensus building, provide policy guidance, and give technical assistance on financial and sustainability reporting; the ICC in March 2023 on [The Climate Impact of SMEs report](#) they launched at COP27, which 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; and the ITC in April 2023 on their T4SD programme which aims to improve the international competitiveness of MSMEs by helping them understand and access the growing number of international sustainability standards around the world. The issue of compliance with voluntary sustainability standards was also mentioned during the private sector dialogues that the Group held in early 2022 and 2023 and during the Trade4MSMEs network of June 2023.

Speakers noted the significant challenges that MSMEs face to comply with the myriad of sustainability standards. Challenges in accessing green finance and lack of knowledge and skills were also stressed. They also highlighted the need to enhance entrepreneurship education and skills; facilitate technology exchanges and innovation; improve access to finance; promote partnerships and linkages; raise awareness of policymakers involved in sustainability-related standards of the challenges faced by small businesses; and optimize the regulatory environment.

Looking forward, the Group was invited to consider cooperating with the ITC to develop a set of minimum benchmarks to promote harmonization of sustainability standards. [The Group could also support enhanced cooperation among Members to further harmonize policies through minimal benchmarks, rules on mutual recognition, and interoperability of certification schemes. Consideration could also be given to support efforts to help build quality infrastructure to ease certification, in coordination with other international organizations, through an STDF-like mechanism for environmental and social standards and certification.]

## 10 TRADE FACILITATION

Following the adoption of the Recommendation on Trade Facilitation and MSMEs in December 2020 (Annex 3 of the MSME package)<sup>5</sup>, the Group heard several presentations on issues related to trade facilitation, including by UN/CEFACT in February 2021 on their Integrated Services for MSMEs in International Trade (ISMIT) project which aims to bridge the gap between an e-commerce transaction made on a platform and national single windows by advocating for the developments of portals that go beyond single windows in that they provide additional services related to legal advice, insurance, logistics, foreign exchange settlement, etc.; Brazil in September 2021 on their Global Trade Hub for Internationalization of Brazilian MSMEs developed with UK funding and which is based on UN/CEFACT's ISMIT concept; the ITC in October 2022 on their 2018 report [Supporting SMEs Through Trade Facilitation Reforms: Toolkit for Policymakers](#) which identifies 19 TFA provisions that impact MSMEs most (both positively and negatively); and the WCO in July 2023 on their SAFE Framework for authorized economic operators (AEO), their AEO database and their SME guidelines to support MSME inclusion into AEO programs.

Besides the strong recommendation for publishing information in plain language and implementing commonly used solutions like e-payments, speakers identified the disproportionately high benefits MSMEs can gain from Authorized Economic Operator (AEO) status. However, they noted that MSMEs are sometimes prevented from joining AEO programs because of the challenge they face in meeting certain qualifying criteria. They advocated for a simplified version of AEO Programs that would provide fewer criteria and specific treatment for SMEs.

[The Group could consider making the compendium of measures taken by governments to promote MSME participation in AEO programs launched at MC13 a living document. Drawing on the experiences mapped in the compendium, consideration could be given to developing policy guidance to support the participation of MSMEs in AEO Programs, in cooperation with the WCO.]

Beyond AEOs, speakers noted the difficulty that MSMEs face beyond customs procedures to access a wide range of services that are essential to trade internationally and stressed the benefits of integrating such services on a single platform linked to national single windows to facilitate trade processes and promote MSME participation in international trade.

Looking forward, the Group could raise awareness about the ISMIT approach and encourage governments to put in place platforms based on the ISMIT principle.

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<sup>5</sup> In the Recommendation, members of the Informal Working Group on MSMEs:

(1) Call on WTO Members to fully implement the TFA, in accordance with their commitments, including transparency measures;

(2) Invite 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;

(3) Recommend that WTO Members, when conducting consultations in accordance with the TFA, engage with stakeholders including MSMEs located within their territories;

(4) Encourage 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;

(5) Call upon the constructive cooperation between Members with a view to enhancing freedom of transit. In this regard, we emphasize the importance for MSMEs of the effective application of trade facilitation disciplines that contribute to reducing transit time and costs, streamlining procedures through digital solutions and enhancing certainty in cross-border trade;

(6) Endeavour to identify additional opportunities for trade facilitation and promote best practices, including the adoption of digital solutions that can support the movement of goods across borders.