



**INFORMAL WORKING GROUP ON MSMEs**

MSME-RELATED LANGUAGE IN REGIONAL TRADE AGREEMENTS

*Revision*

The following document has been prepared by the WTO Secretariat at the request of the Informal Working Group on MSMEs to shed light on MSME-related provisions in Regional Trade Agreements (RTAs).<sup>1</sup> It does not represent the official position of the WTO, nor of the WTO Secretariat.

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<sup>1</sup> As a matter of consistency, the term "MSME" is used throughout this document. This does not prejudice any Member's position with respect to the definition of SMEs or MSMEs.

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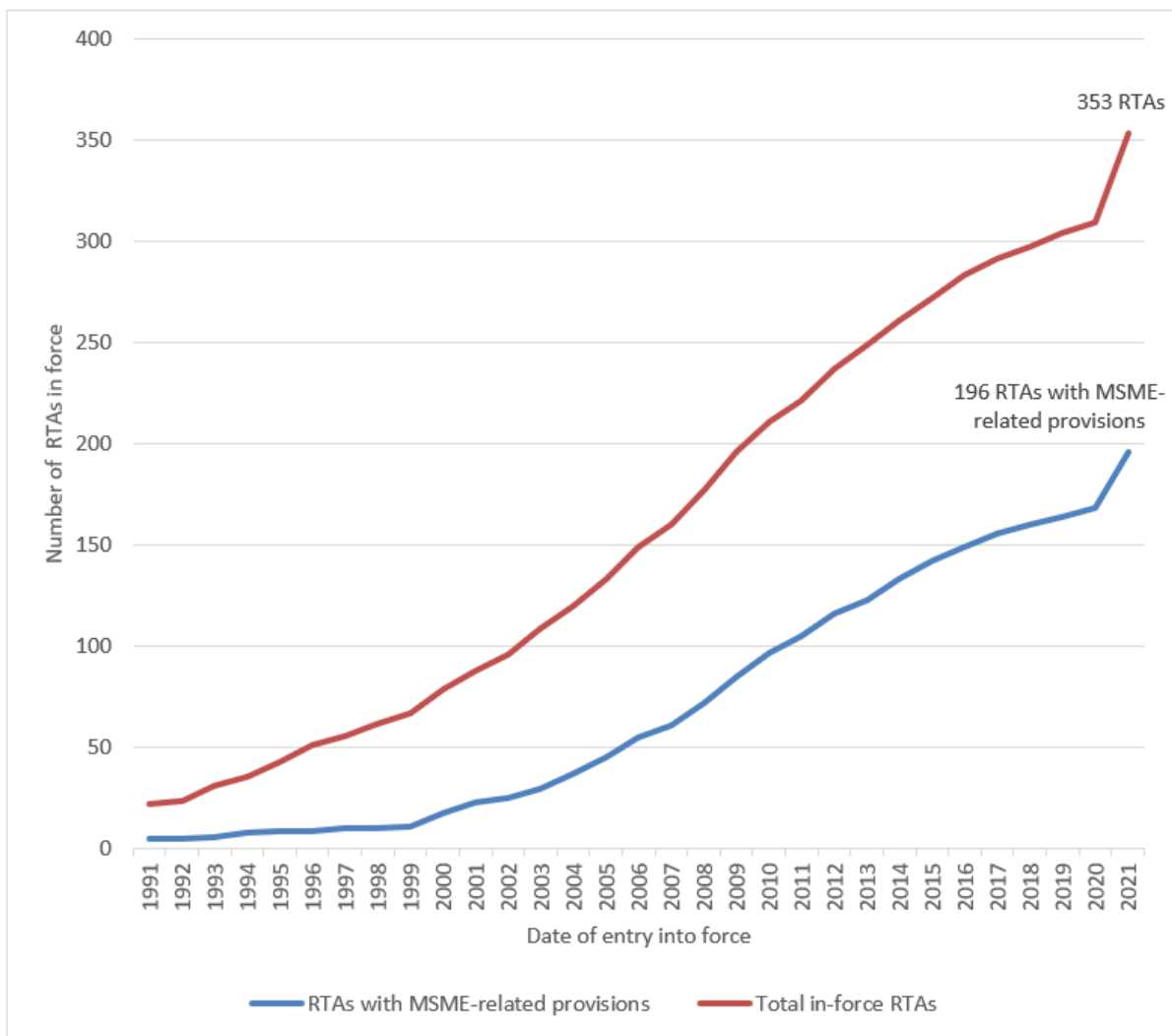
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## 1 INTRODUCTION

1. Micro, Small and Medium-Sized Enterprises (MSMEs) are the majority of businesses in every economy (WTR 2016). However, despite their numbers, MSME have been shown to participate relatively less than large firms when it comes to international trade. Recognizing MSMEs' importance to the global economy and the need for more inclusive international trade, Regional Trade Agreements (RTAs) increasingly have MSME-related language, and even chapters, included in their provisions to strengthen MSME trade-capacity and avoid discrimination. Using data from the WTO MSME Informal Working Group's database on MSME provisions in regional trade agreements ([https://www.wto.org/english/tratop\\_e/msmesandtra\\_e/rtaprovisions\\_e.htm](https://www.wto.org/english/tratop_e/msmesandtra_e/rtaprovisions_e.htm)), the following report reviews all in-force RTAs notified to the WTO through 2021 and provides an overview of MSME-related provisions found within these agreements.

2. Since the first MSME reference in the EU – Overseas Countries and Territories agreement in 1971, the number of Regional Trade Agreements (RTAs) with MSME-related provisions has continued to grow (Figure 1). Out of 353 RTAs currently in force and notified to the WTO, 196 (56%) include at least one MSME-related provisions.

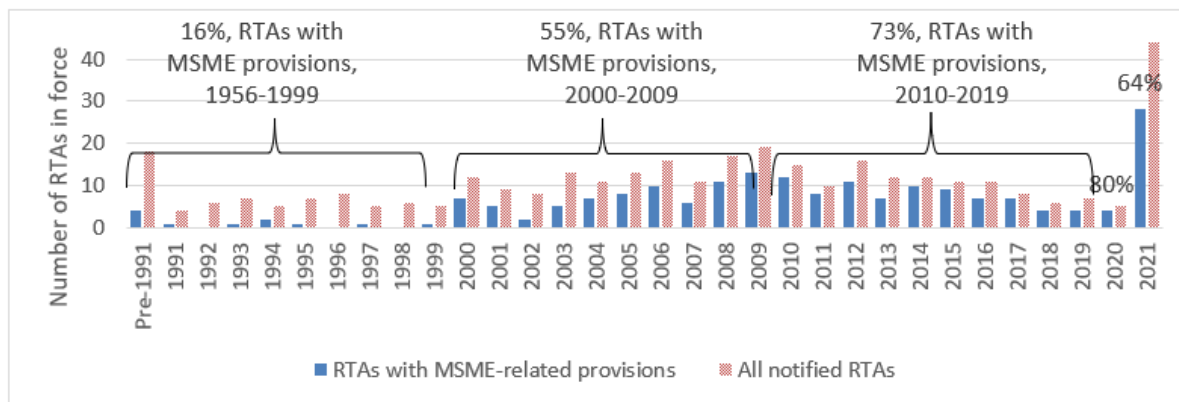
**Figure 1 – Total number of RTAs and RTAs with MSME-related provisions, 1991-2021**



3. Since the early 2000s, the growth rate of in-force RTAs with MSME provisions has increased significantly with the share rising every decade (Figure 2). From 16 per cent of in-force RTAs

containing at least one MSME reference before 1999, more recently a high of 80 per cent of RTAs that went into force in 2020 had at least one MSME reference.<sup>2</sup>

**Figure 2 – Share of RTAs with MSME-related provisions by decade and year, 1956-2021**



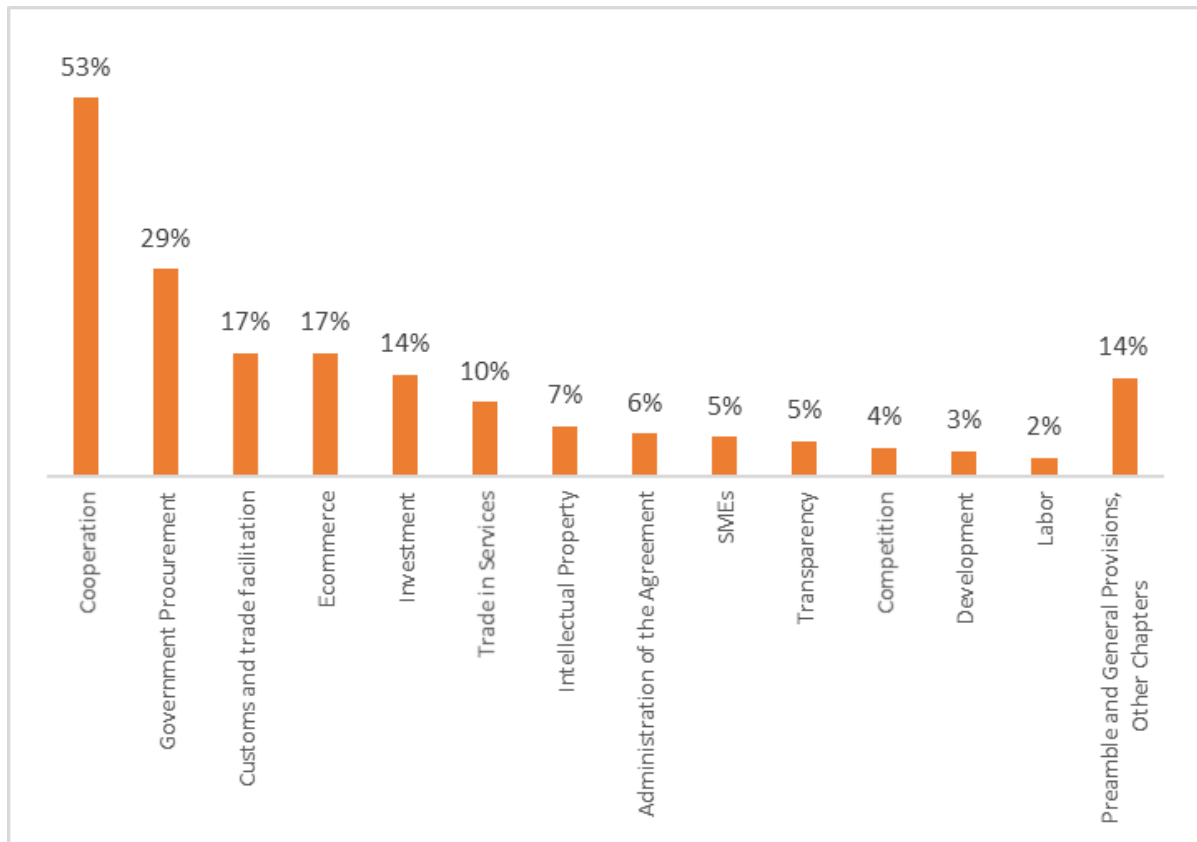
4. The vast majority, 90 per cent, of WTO Members are part of at least one in-force RTA with MSME-related provisions. Further, for 24 WTO Members, 100 per cent of their RTAs contain MSME references (see Annex 1).

5. In general, MSME RTA provisions have three broad objectives. The first is to drive economic growth and integration through greater MSME participation in regional and international markets. The second is to improve economic competitiveness. And the third is to achieve sustainable development. Facilitating the acquisition and exploitation of technology; supporting innovation and creativity by MSMEs; and promoting sustainable economic development are all stated goals.

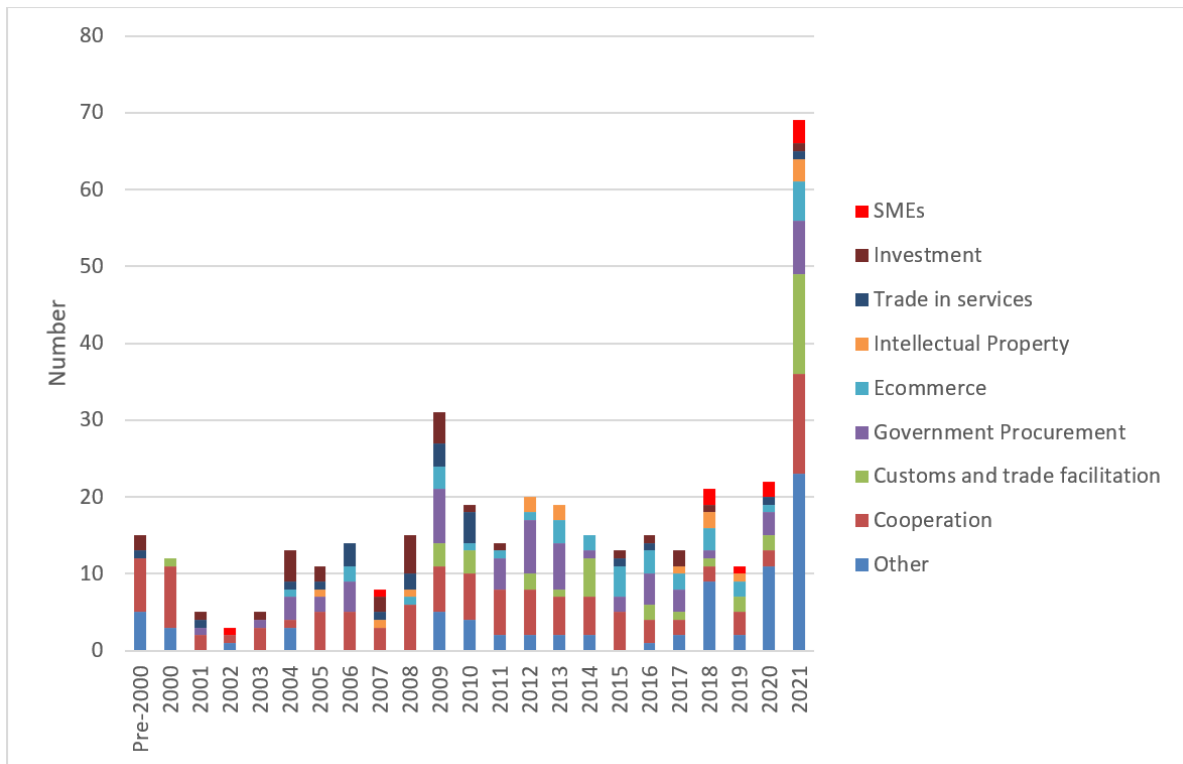
6. MSME-related provisions are primarily located under cooperation and government procurement chapters, with e-commerce, customs and trade facilitation, and investment following (see Figure 3). MSME-related provisions in the chapter on cooperation are generally aimed at strengthening the productive and export capabilities of MSMEs, as well as at improving their competitiveness. MSME-related provisions under government procurement concern facilitating MSMEs' access to public procurement markets through scheduled exemptions and a cooperation framework. More details on each of the specific RTA chapters where MSME references were located follow in this report.

<sup>2</sup> The most recent year, 2021, was an exceptional year given the departure of the United Kingdom from the European Union. Of the 45 RTAs that went into force during this year, 38 had the United Kingdom as a partner (84 per cent). Most of these agreements are based on language in EU Agreements which the UK was previously party to.

**Figure 3 – Share of MSME-related provisions by chapter over total RTAs with MSME-related provisions**



7. The RTA chapters with MSME provisions have changed somewhat over the years. Whereas pre-2000 references were made mostly in the Pre-ambles, Cooperation or Investment chapters with only one government procurement chapter reference, one trade in services reference and two development chapter references, the mid-2000s saw an increase in the diversification of chapters with MSME text (Figure 4). New references in chapters like e-commerce and intellectual property began to appear and a dedicated chapter on Small and Medium-Sized Enterprises (SMEs) was introduced in 2002 in the Japan – Singapore agreement.

**Figure 4 – RTA chapters with at least one MSME reference by chapter and year**

8. The following document is meant to serve as a guide on developments concerning MSME-related references in RTAs. It is composed of sections related to each of the main areas and chapters in RTAs where MSME provisions have been identified. Each section includes a brief summary and analysis with references to example texts in the section end notes. These examples are not exclusive and are meant to serve as a general reference for readers. Further, **the bolded text** of the end notes is not original to the RTA text. More detailed information is available in the MSME Group RTA Database ([https://www.wto.org/english/tratop\\_e/msmesandtra\\_e/rtaprovisions\\_e.htm](https://www.wto.org/english/tratop_e/msmesandtra_e/rtaprovisions_e.htm)) and full text of all in-force and notified agreements are available from the WTO Regional Trade Agreements Database available online.

9. Annexes at the end contain information by economy on in-force RTA participation with MSME references through 2021 (Annex 1) as well as on the specific agreements with the related chapters and total number of MSME references (Annex 2).

## 2 COOPERATION

10. In total, 103 (53 per cent of) RTA's with MSME-related provision, contain a reference to cooperation, both in specific chapters and as a part of others. Calls for cooperation focus on the development of MSME capabilities and competitiveness, and cooperation typically aims to expand and diversify the industrial base; create social cohesion through the eradication of poverty via job creation from trade and the inclusion of those left behind, including MSMEs; increase trade and investment flows and the transfer of technology between Parties; and allow for regional and international economic integration.

11. Forms of cooperation include relationships between governments and MSMEs; support from financial institutions; connections among MSMEs themselves; links between large businesses and MSMEs; and partnerships among institutions to further MSMEs' competitiveness. These provisions cover seven main areas of cooperation that aim to strengthen productive and export capabilities of MSMEs and improve their competitiveness through (1) human resource development; (2) adoption of technology; (3) facilitation of business partnerships; (4) facilitation of access to financial solutions; (5) access to regulatory and market information; (6) facilitation of partnerships between relevant institutions; (7) the establishment of a committee mandated with MSME-related affairs. Each of these types of cooperation, including examples, are discussed further below.

### (1) Human resource development

- a. RTAs specify a wide range of forms of cooperation aiming to equip MSMEs with skills to supply and trade their goods or services. These forms of cooperation contribute to the exchange of expertise, and consist of seminars, conferences, workshops, exchange of experts, trainings, fellowships, secondments, internships, and studies. Some RTAs specify the areas of the exchange of expertise such as for management and business skills; quality and production standards; technical regulations; conformity assessment; and accreditation (e.g., Turkey – Jordan, Chapter 2, art. 28<sup>i</sup>). The exchange of expertise is carried out for MSME personnel but also for those providing MSMEs with support services, such as business advisors or staff members of government agencies (e.g., export promotion agencies). For instance, some RTAs' cooperation framework includes activities aimed at strengthening government personnel capacities to formulate and evaluate MSME-related policies (e.g., Caribbean Community and Common Market, Chapter 4, art. 32<sup>ii</sup>).

### (2) Adoption of technology by MSMEs

- b. With a view to enhancing MSME export and productive capabilities and to improving their competitiveness, some RTA cooperation frameworks aim to facilitate the transfer of technology and increase the participation of MSMEs in scientific and research cooperation. RTAs encourage cooperative relationships, including a focus on innovation, research and development and increased access to information on technological promotion programs and financial support for MSMEs (e.g., Chile – China, Chapter 13, art. 109<sup>iii</sup>).

### (3) Facilitation of access to capital and financial services

- c. Access to finance is an important piece of RTAs' cooperation frameworks. Signatories facilitate the partnerships and exchange of information between financial institutions, such as between credit banks, seed capital organizations or guarantee organizations. Further, a few RTAs suggest the exchange of credit information between banks in order to reduce risks for the banks themselves (e.g., EU – Cameroon, Chapter 2, art. 9<sup>v</sup>). They also encourage collaboration between national chambers of commerce and industry to establish, develop or modernize (as the case may require) lending institutions to provide financial services to MSMEs (e.g., East African Community, Chapter 25, art. 127<sup>v</sup>). In addition, governments stress the importance to cooperate to facilitate and increase cross-border investment flows, thereby contributing to the transfer of technology and the exchange of expertise. In that context, governments cooperate in creating joint investment opportunities with MSMEs, such as joint ventures (e.g., EU – Mexico, Chapter 6, arts 15 and 17<sup>vi</sup>). Lastly, more flexible lending conditions

or the facilitation of administrative procedures are also suggested to improve MSME access to finance.

#### (4) Business partnership facilitation

- d. The exchange of information, expertise and technologies can be realized through business partnerships, as well. The RTA cooperation framework facilitates the cooperation and exchange of expertise and information between MSMEs, as well as between MSMEs and larger firms. As RTAs suggest, this fosters linkages between value-chain actors, which in turn facilitates the transfer of technology, knowledge and skills. RTAs specify that these networking opportunities should revolve around the field of management skill development, technology transfer, product quality improvement, supply chain linkages, information technology, access to financing and technical assistance (e.g., Turkey – Malaysia, Chapter 9, art. 5<sup>vii</sup>). Complementing the mechanisms facilitating investments in, or by MSMEs, the mechanisms stimulating business partnerships include sub-contracting arrangements, cluster development, strategic alliances and joint commercialization programmes.

#### (5) Access to regulatory and market information

- e. RTAs stress the importance for MSMEs to access both market and regulatory information and call for fostering dialogue and exchange of information. They also include text to create mechanisms that will provide information on markets for goods and services and investment, including export opportunities and, in some cases, government procurement leads. Some RTAs call for promoting business networks, fora, and trade fairs and other programs, as well as making publications and relevant statistics available (e.g., India – Japan, Chapter 13, art. 129<sup>viii</sup>). With respect to access to regulatory information, RTA provisions call on governments to make information on regulatory regimes and procedures, particularly mandatory procedures, more easily available. Websites dedicated to this purpose, sometimes serving MSMEs specifically, are also suggested in RTAs as a means of realizing access to various types of information (e.g., China – Hong Kong, China, Chapter 5, art. 17 and China – Macao, China, Chapter 5, art. 17<sup>x</sup>).

#### (6) Partnerships between relevant institutions

- f. Complementing the objective of facilitating partnerships between MSMEs, or MSMEs and larger firms, the RTA cooperation framework also aims at facilitating the cooperation and exchange of information between (i) government agencies, (ii) MSME-supporting intermediaries, such as chambers of commerce, and (iii) public-private partnerships (PPPs). Intergovernmental cooperation mainly consists of sponsoring dialogue on MSME-policies to improve understanding of each government's policies (e.g., ASEAN – Korea, Republic of, Chapter 3, art. 1<sup>x</sup>). With respect to the cooperation between intermediary non-governmental or quasi-governmental organizations, governments facilitate networks in order to stimulate initiatives and policy instruments for the development of MSMEs. In relation to PPPs, governments are urged to engage in activities that contribute to MSME development (e.g., Korea, Republic of – Colombia, Chapter 17, arts 1 and 9<sup>xi</sup>). The areas of PPPs include, for example, investment promotion, environmental management, ICT, nanotechnology, biotechnology and renewable technologies.

#### (7) Establishment of a committee mandated with MSME-related affairs

- g. Some RTAs establish a committee with the mandate of monitoring and evaluating programmes and projects of cooperation undertaken by governments, and of identifying and recommending ways of further cooperation. In addition, the committee is in charge of monitoring, reviewing and discussing issues concerning the effective implementation of obligations under the chapter of cooperation (e.g. New Zealand – Malaysia, Chapter 13, art. 1<sup>xii</sup>).



<sup>i</sup> "The co-operation under the scope of this Agreement shall primarily involve the following fields : a) Industry; b) Agriculture; c) Services; d) Transportation; e) Small and medium-sized enterprises (SMEs). With the view to further enhance trade and economic activities, the Parties shall give priority to **promoting business and investment opportunities as well as joint ventures between SMEs of the two countries**. Within this context, the Parties will, inter alia; a) **exchange expertise on entrepreneurship, management, research and management centers, quality and production standards**; b) **provide market information to create investment opportunities**; c) **furnish published documents concerning SMEs**. Turkey shall support Jordan's efforts towards capacity building for the related private sector institutions" (**Turkey - Jordan, Chapter 2, art. 38**)

<sup>ii</sup> "**Cooperation in this field (Scientific and Technological Cooperation) shall aim to develop scientific, technological, and innovation capacities covering all the activities under the research framework programmes (FPs)**. To this end, the Parties shall foster policy dialogue at regional level, exchange of information and the participation of their research and technological development bodies in the following scientific and technological cooperation activities, in compliance with their internal rules: (i) assistance to establish National Innovation Systems (NIS), to develop technology and innovation, in order to facilitate appropriate responses for demand driven by small and medium size business and to promote local production, among others; furthermore, assistance to develop excellence centres and high-tech clusters. **Research centres, higher-education institutions, and other stakeholders, including MSMEs, located in the Parties shall be involved in this cooperation as appropriate.**" (**EU - Central America, Chapter 3, art. 76**)

"The goal of the Community Industrial Policy shall be market-led, internationally competitive and sustainable production of goods and services for the promotion of the Region's economic and social development. In fulfilment of the goal, the Community shall pursue the following objectives: (d) establishment of a viable micro and small economic enterprise sector. In order to achieve the objectives of its industrial policy, the Community shall promote, inter alia (e) the development of required institutional, legal, technical, financial, administrative and other support for the establishment or development of micro and small economic enterprises throughout the Community. The Community shall adopt appropriate policy measures to encourage the development of competitive micro and small economic enterprises in the Member States. Without prejudice to the generality of the foregoing, the competent Organ shall encourage policy initiatives and the establishment of effective programmes to foster a facilitative legal, economic, and administrative framework in the Member States to enhance micro and small economic enterprise development, and shall promote: (a) **the development of the capacities of national and regional support agencies for micro and small economic enterprises, including the creation of entrepreneurial centres, by organising technical assistance inclusive of planning, delivery and evaluation of support services to the sector**; (b) access to, improvement in the quality of, and **opportunities for training and education in areas such as technical skills, entrepreneurial competence and business management for micro and small entrepreneurs**; (c) **access by micro and small economic enterprises to the technical assistance provided by the support agencies**; (d) **the establishment, development or modernising, as the case may require of financial institutions to provide, to micro and small economic enterprises, services by way of appropriate and innovative instruments**; (e) **innovation within the micro and small enterprise sector**; and (f) **the creation of, and access to, trade and technology information networks**. 3. For the purposes of this Article, micro and small economic enterprises shall be economic enterprises within the meaning of Article 32 that satisfy such other criteria as may be determined by the competent authorities. Article 32 : "Economic enterprises" includes any type of organisation for the production of or trade in goods or the provision of services (other than a non-profit organisation) owned or controlled by any person or entity, who is (i) a citizen of a Member State, (ii) has a connection with a Member State, or (iii) a company or other legal entity constituted in a Member State, provided that such entity is owned and effectively controlled by person mentioned in (i) and (ii)" (**Caribbean Community and Common Market, Chapter 4, art. 32**)

<sup>iii</sup> "The Parties will promote a favourable environment for the development of small and medium-sized enterprises (SMEs). Cooperation shall be oriented to share knowledge and good practices with SMEs. These practices should **promote partnership and productive chain linkage development, downstream and upstream oriented, to improve SMEs productivity**, development of capacities to increase SMEs access to markets, **integrate technology to labor intensive processes and human resource development to increase their knowledge about Chinese and Chilean markets**. Co-operation shall be developed, among other activities, through: (a) information exchange; (b) **conferences, seminars, experts dialogue and training programs with experts**; and (c) **promoting contacts between economic operators, encouraging prospecting for industrial and technical opportunities**. Co-operation shall include, among other subjects: (a) **designing and develop mechanisms to encourage partnership and productive chain linkage development**; (b) **defining and develop methods and strategies for clusters development**; (c) **increasing access to information regarding mandatory procedures and any other relevant information for an SME exporter**; (d) **defining technological transference: programs oriented to transfer technological innovation to SMEs and to improve their productivity**; (e) **increasing access to information on technological promotion programs for SMEs and financial support and encouragement programs for SMEs**; (f) **supporting new exporting SMEs (sponsorship, exporters club)**; and (g) identifying specific areas subject to potential improvement." (**Chile - China, Chapter 13, art. 109**)

<sup>iv</sup> "The Parties affirm their commitment to promote capacity building and economic modernisation in Central Africa using the various instruments at their disposal, for example by setting up an economic and institutional framework at national and regional levels that is conducive to growth in economic activity in Central Africa, by means of trade policy instruments and development cooperation instruments. The Parties agree on the creation of an EPA regional fund, set up by and for the Central African region, to coordinate support which will help to finance effectively the priority measures intended to build productive capacity in the Central African States. The EPA regional fund is an instrument which was created by and for Central Africa, which thus determines the details of its use and its organisation. Its key areas of action include, among others, (3) Industry, diversification and competitiveness of economies in conjunction with regional development, through (3.9). Support for small and medium-sized enterprises. Types of measures to be taken: (a). **Expertise services – provision of a range of services to help SMEs with marketing, accounting, legal analysis, business plan preparation, access to finance.** (b). **Vocational training** (c). **Facilitating access to credit and improving conditions for SMEs to access credit.** Useful to create mechanisms which are more likely to provide funds for SMEs in the region, **for example by means of loan guarantee funds.** Examples are: BEI, BDEAC, etc. Expertise services will be able to help SMEs to prepare their loan documentation. (d). **Provision of credit information at regional level. Facilitating access to information for potential creditors in order to reduce the level of bank risk which currently exists. For example: creation of shared databases on client risk.** (e). **More flexible lending conditions. Exploring ways of relaxing lending conditions in order to facilitate access to loans, taking account of the scale of the informal sector of the economy.** (f). **Strengthening the capacity of financial intermediaries in Central Africa. Analysis of the potential role of the CASDB. Improving risk analysis capacity in institutions which may issue loans. Modernisation of and training for credit institutions.** (h). **Analysis of the recommendations resulting from the study on financial services in Central Africa.** (i). Promoting the transition from the informal to the formal economy, in conjunction with the public authorities, for example by means of incentives" **(EU - Cameroon, Chapter 2, art. 9)**

<sup>v</sup> "The Partner States agree to provide an enabling environment for the private sector and the civil society to take full advantage of the Community. To this end, the Partner States undertake to formulate a strategy for the development of the private sector and to: (a) promote a continuous dialogue with the private sector and civil society at the national level and at that of the Community to help create an improved business environment for the implementation of agreed decisions in all economic sectors; and (b) provide opportunities for entrepreneurs to participate actively in improving the policies and activities of the institutions of the Community that affect them so as to increase their confidence in policy reforms and raise the productivity and lower the costs of the entrepreneurs. 2. For these purposes, the Partner States undertake to (f) **collaborate with their national chambers of commerce and industry to establish lending institutions that shall primarily cater for the private sector especially the small-scale entrepreneurs who find it difficult to obtain credit from commercial banks and financing institutions**" **(East African Community, Chapter 25, art. 127)**

<sup>vi</sup> "The Parties shall help to create an attractive and stable environment for **reciprocal investment**. Such cooperation shall take the form inter alia of: (a) arrangements for information, identification and dissemination relating to legislation and investment opportunities; (b) support for the development of a legal environment conducive to investment between the Parties, where appropriate, by the conclusion between the Member States and Mexico, of agreements to promote and protect investment and agreements to prevent double taxation; (c) the development of harmonised and simplified administrative procedures; (d) the **development of mechanisms for joint investments, in particular, with the small and medium-sized enterprises of both Parties.** The Parties shall promote a favourable environment for the development of small and medium-sized enterprises. Such cooperation shall consist in: (a) promoting **contacts between economic operators**, encouraging **joint investments** and establishing joint ventures and **information networks** through existing horizontal programmes such as ECIP, AL-INVEST, BRE and BC-NET; (b) facilitating **access to finance, providing information and stimulating innovation**" **(EU - Mexico, Chapter 6, arts 15 and 17)**

<sup>vii</sup> "With the view to further enhance trade and economic activities, the Parties shall give priority to promoting business and investment opportunities as well as joint ventures between their SMEs. Within this context, the Parties shall, inter alia: (a) **establish networking opportunities for Malaysian and Turkish SMEs to facilitate collaboration and exchange of experience, such as in the field of technology transfers, product quality improvements, supply chain linkages, access to financing for SMEs and technical assistance;** (b) **facilitate investments between Malaysia and Turkey;** (c) **share experience and improve understanding of each other's policies and operations through visits and discussions by government officials and professionals from Malaysia and Turkey;** (d) **collaborate in assisting capacity building of high skilled workers and technicians such as in construction and construction related services, innovation, research and development, IT and manufacturing sectors;** (e) **exchange expertise on entrepreneurship, management, research and management centres, quality and production standards;** (f) **encourage relevant agencies to discuss and cooperate closely, especially in promoting the skills and development of workers and strengthen the dialogue between relevant institutions;** and (g) **promote entrepreneurial networks of SMEs of respective countries, support cooperation between respective Chambers/Unions of Commerce/Industry and encourage establishment of networks among their appropriate entities that provide assistance to SMEs**" **(Turkey-Malaysia, Chapter 9, art. 5)**

viii "The Parties shall promote cooperation for their mutual benefits in order to liberalise and facilitate trade and investment between the Parties, to strengthen wide-ranging relations between the Parties and to promote the well-being of the peoples of the Parties. For this purpose, the Parties shall, where necessary and appropriate, encourage and facilitate cooperation between their relevant entities. The main objectives of this Chapter include: (a) liberalisation and facilitation of investment and trade between the Parties through cooperation in the mutually identified fields; (b) strengthening economic competitiveness of the Parties; (c) ensuring long-term sustainable development of the Parties; (d) promoting the Parties' human resource development and capacity building; and (e) improving overall well-being of the peoples of the Parties. The fields of cooperation under this Chapter shall include: (i) small and medium enterprises; The scope of cooperation in the field of Small and Medium Enterprises (hereinafter referred to in this Article as "SMEs") may include management, supply and distribution channels and appropriate financial policy relating to SMEs. The forms of cooperation in this Sector may, inter alia, include: (a) exchanging information and sharing experiences and best practices; (b) **promoting human resource development and capacity building for SMEs;** (c) **enhancing training opportunities;** (d) **facilitating holding of seminars, workshops, trade fairs, exhibitions, and networking opportunities;** and (e) other forms of cooperation to be mutually agreed upon by the Parties" (India - Japan, Chapter 13, art. 129)

ix "The two sides agreed to carry out trade and investment facilitation cooperation in seven areas of trade and investment promotion, customs clearance, commodity inspection and quarantine, food safety, quality standards, e-commerce, transparency of laws and regulations, **cooperation between small and medium-sized enterprises**, and cooperation in Chinese medicine industry. Conducted under the **direction and coordination of the Joint Steering Committee** established under Article 19 of the Arrangement. The two sides recognize that the development of SMEs is important for increasing employment opportunities, promoting economic development and maintaining social stability, the two sides agreed to jointly **promote exchanges and cooperation between the two SMEs**. (A) Cooperation mechanism: to establish a working mechanism between the government departments of the two sides to promote cooperation between SMEs in the two places, and promote cooperation and common development of SMEs in the two places. Content of Cooperation: the two sides agreed to support and promote cooperation in the following areas: 1. **studies and exchanges, to discuss strategies to support the development of SMEs and support policies**. 2. **Investigate and exchange the organization and operation of intermediaries serving the SMEs and promote the cooperation of intermediaries**. 3. **Establish channels for providing information services to SMEs in the two places, regularly exchange relevant publications, set up special websites, and gradually realize the docking and information exchange between the two websites**. 4. **Organize direct communication and communication between SMEs in different forms through various forms to promote cooperation among enterprises**. (C) **the involvement of other entities of the two sides support and assist semi-official institutions, non-governmental organizations to play a role in promoting SME cooperation in two places.**" (China - Hong Kong, China, Chapter 5, art. 17) & (China - Macao, China, Chapter 5, art. 17)

x "The Parties, on the basis of mutual benefits, shall explore and undertake cooperation projects in the following areas: (c) small and medium enterprises. The Parties, recognising the fundamental role of small and medium enterprises (hereinafter referred to as "SMEs") in maintaining the dynamism of their respective national economies, shall cooperate in **promoting close cooperation among SMEs as well as the relevant agencies of the Parties**. Such cooperation shall include: (a) **establishing networking opportunities for SMEs of the Parties to facilitate collaboration and/or sharing of best practices, such as in the field of management skill development, technology transfers, product quality improvements, supply-chain linkages, information technology, access to financing as well as technical assistance;** (b) **facilitating the investment flows by Korean SMEs in the ASEAN Member Countries, and vice versa;** and (c) **encouraging their relevant agencies to discuss, cooperate and share information and experiences in the development of SMEs policy and programmes**" (ASEAN - Korea, Republic of, Chapter 3, art. 1)

xi "The Parties agree to strengthen mutual cooperation that contributes to the implementation and better use of this Agreement, in order to optimize its results, expand opportunities, and maximize the benefits for the Parties, according to their national strategies and policy goals. The Parties shall cooperate with the objective of identifying and employing the most effective methods and means for the implementation of this Chapter. To this end, the Parties shall generate synergies with other forms of bilateral cooperation. To achieve these objectives, the Parties agree to pay particular attention to cooperation initiatives aimed at: (b) promoting the development of small and medium enterprises. The Parties shall endeavor to promote a favorable environment for the development of small and medium-sized enterprises by **encouraging relevant private and governmental bodies to build the capacities of small and medium-sized enterprises**. The cooperation will include, among others: (a) designing and developing mechanisms in order to **foster partnerships and the development of productive chains;** (b) **promoting cooperation between the economic agents of the Parties** in order to identify areas of mutual interest and to obtain the maximum benefits possible of trade, investment, and small and medium-sized enterprises; (c) **fostering more dialogue and exchange of information on mandatory procedures, enhanced access to trade promotion networks, business fora, business cooperation instruments, and any other relevant information for small and medium-sized enterprises exporters;** (d) **promoting training and exchange programs for small and medium-sized enterprises exporters of the Parties;** (e) **promoting exchange of experiences between the public agencies of the Parties on initiatives and policy instruments for the development of**

**enterprises, with a special focus on small and medium-sized enterprises; and (f) encouraging public and private institutions related to small and medium-sized enterprises to cooperate in areas such as environmental management, ICT, nanotechnology, biotechnology, renewable energy, and other subjects of mutual interest" (Korea, Republic of – Colombia, Chapter 17, arts 1 and 9)**

<sup>xii</sup> "The Parties agree to establish a framework for cooperation as a means to expand and enhance the benefits of this Agreement and to promote capacity building activities in areas of mutual interest taking into account existing economic cooperation between them. The Parties will establish close cooperation aimed inter alia at: (a) promoting and enhancing economic cooperation between them to further development objectives in accordance with the applicable laws and regulations of each Party; (b) complementing existing, and building new, cooperative relationships between the Parties; (c) advancing human resource development, creating new opportunities for trade and investment, promoting competitiveness and innovation including the involvement, where appropriate, of the private sector; (d) contributing to the important role of the private sector in promoting and building strategic alliances to encourage mutual economic growth and development; (e) encouraging through this cooperative process the presence of the Parties and their goods and services in each other's respective markets; and (f) increasing and deepening the level of cooperation activities between the Parties in areas of mutual interest. **Other areas of cooperation for possible implementation can be identified and discussed by the Economic Cooperation Committee including, but not limited to:(g) small and medium scale industries" (New Zealand – Malaysia, Chapter 13, art. 1)**

### 3 GOVERNMENT PROCUREMENT

12. Altogether, 57 RTAs (29 per cent) include MSME-related provisions in their chapter on government procurement. The provisions on MSMEs in these chapters aim to facilitate the access by MSMEs to public procurement markets through scheduled exemptions.

13. Coverage schedules are an important part of determining government procurement eligibility and only those procurement activities that are carried out by covered entities purchasing listed goods, services or construction services of a value exceeding a specified threshold are covered. These schedules can result in MSME exclusion by default. In order to facilitate access by MSMEs to public procurement markets, a significant number of RTAs have schedules that contain MSME exclusions or preferences for government procurement. For some RTAs, these preferences are made available to MSMEs in procurement contracts whose value is below a threshold (e.g., US – Panama, Chapter 9, Schedule<sup>xiii</sup>), whereas for other RTAs such values are not indicated, suggesting that these preferences apply to all procurement contracts (e.g., US - Panama, Chapter 9, Schedule<sup>xiv</sup>). Some RTAs provide an illustrative list of preferences to MSMEs, including set-asides, price preferences, criteria of tiebreak measures that allow a procuring government to adjudicate a contract to a domestic MSME if they have submitted an equal offer, and transfer of technology as well as the exclusive right to supply a good or a service.

14. The granting of these preferences to MSMEs is also associated with transparency procedures. Access to information about government procurement rules and markets represents a barrier to MSME participation. RTAs emphasize cooperation programs to increase understanding of government procurement systems of each RTA's Party and to facilitate access by MSMEs to government procurement markets. For some RTAs, this cooperation is institutionalized through the establishment of a Committee on Government Procurement or a Focal Point, which is mandated to undertake activities facilitating the access by MSMEs to government procurement markets (e.g., Canada – Panama, Chapter 16, art. 15<sup>xv</sup>). Cooperation programmes, benefiting MSMEs, directly or indirectly, include the exchange of information on government procurement systems, technical assistance to staff members of governments or MSMEs, the facilitation of access to relevant information about government procurement, and the use of information and communication technologies. Some examples of the latter include e-procurement opportunities or the creation of a database of potential MSME suppliers from which government agencies can procure their goods and services, including construction.

<sup>xiii</sup> "This Chapter (Government Procurement) does not apply to set-asides on behalf of small or minority businesses. **Set asides include any form of preference**, such as the exclusive right to provide a good or service and price preferences" (**US - Panama, Chapter 9, Schedule**)

<sup>xiv</sup> "This Chapter (Government Procurement) does not apply to set-asides on behalf of small or minority businesses. Set asides include any form of preference, such as the exclusive right to provide a good or service and price preferences" (US - Panama, Chapter 9, Schedule)

<sup>xv</sup> "The Parties hereby **establish a Committee** on Procurement to **address matters related to the implementation of this Chapter** with a view to maximizing access to government procurement, including with respect to facilitating participation by small and medium enterprises in the government procurement market of the other Party" (**Canada - Panama, Chapter 16, art. 15**)

#### 4 CUSTOMS AND TRADE FACILITATION

15. Streamlining customs procedures for MSMEs is one of the objectives of the chapter on Trade Facilitation and Customs Procedures. To this end, 36 RTAs contain MSME-related provisions in their chapter on trade facilitation and customs procedures, or 17 per cent of all RTAs with MSME-related provisions. One of the main objectives is simplification of a wide range of customs procedures in order to reduce time and costs for MSMEs and to increase predictability. These customs procedures include the procedures for appealing customs rulings and decisions, for requesting advance rulings, for becoming an authorized operator, for filling customs declarations and for determining customs duties (e.g., Turkey – Singapore, Chapter 6, art. 7<sup>xvi</sup>).

16. Good governance practices are also highlighted. In some RTAs, governments have committed themselves to consult with MSMEs in designing and implementing trade facilitation measures. This often follows the principles of transparency, non-discrimination, efficiency, and expeditious customs procedures (e.g., Iceland – China, Chapter 4, art. 48 and Switzerland – China, Chapter 4, art. 4<sup>xvii</sup>).

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<sup>xvi</sup> "Each Member shall provide additional trade facilitation measures related to import, export, or transit formalities and procedures, pursuant to paragraph 7.3, to operators who meet specified criteria, hereinafter called authorized operators. The **specified criteria to qualify as an authorized operator shall not, to the extent possible, restrict the participation of small and medium sized enterprises**" (Turkey - Singapore, Chapter 6, art. 7)

<sup>xvii</sup> "The Parties **shall consult** their respective business communities on their needs with regard to the **development and implementation of trade facilitation measures, noting that particular attention should be given to the interests of small and medium-sized enterprises**" (Iceland - China, Chapter 4, art. 48) & (Switzerland - China, Chapter 4, art. 4)

## 5 E-COMMERCE

17. E-commerce MSME-related provisions were first included in 2004 in the US – Chile agreement. References have since expanded steadily and now 35 RTA's (17 per cent) contain MSME-related provisions in their chapter on e-commerce. These provisions aim at facilitating the use of e-commerce by MSMEs through cooperation including (i) the exchange of information about laws, regulations, programmes and best practices in relation to the use of e-commerce by MSMEs (e.g. Canada – Panama, Chapter 15, art. 3<sup>xviii</sup>); (ii) the establishment of a working group with the mandate of recommending mechanisms to assist MSMEs in overcoming obstacles encountered by them in the use of e-commerce (e.g., EU – Colombia and Peru, Title IV, art. 109<sup>xix</sup>) ; and, finally, (iii) cooperation in research and training activities related to the use of e-commerce by MSMEs (e.g., ASEAN – Australia – New Zealand, Chapter 10, art. 9)<sup>xx</sup>.

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<sup>xviii</sup> "The Parties recognize the economic growth and opportunities provided by electronic commerce and the applicability of WTO rules to electronic commerce. Considering the potential of electronic commerce as a social and economic development tool, the Parties recognize the importance of: (e) sharing information and experiences on laws, regulations and programmes **in order to facilitate the use of electronic commerce by micro-, small- and medium sized enterprises.**" (Canada – Panama, Chapter 15, art. 3)

<sup>xix</sup> "To the extent necessary and justified, the Trade Committee may establish a working group with the aim of performing, among others, the following tasks: d) **recommending mechanisms to assist Micro and SMEs in overcoming obstacles faced by them in the use of electronic commerce**" (EU - Colombia and Peru, Title IV, art. 109)

<sup>xx</sup> "Recognising the global nature of electronic commerce, the Parties shall encourage co-operation in research and training activities that would enhance the development of electronic commerce. These co-operative research and training activities may include, but are not limited to: (a) promotion of the use of electronic versions of trade administration documents used by any other Party or Parties; (b) assisting small and medium enterprises to **overcome obstacles encountered in the use of electronic commerce**" (ASEAN - Australia - New Zealand, Chapter 10, art. 9)

## 6 INVESTMENT

18. Twenty-nine RTAs contain MSME-related provisions in the chapter on investment (14 per cent of all RTAs that include MSME-related provisions). Support for MSMEs through RTA investment chapters comes in the form of entry restrictions to participate in certain sectors, especially small-scale mining (e.g., EU - CARIFORUM, Schedule<sup>xxi</sup>); subsidies for qualifying businesses (e.g., Korea, Republic of – India, Chapter 10, art. 6<sup>xxii</sup>) ; or cooperation frameworks with mechanisms for joint investments with MSMEs, capacity-building in investment for MSMEs, and the establishment of funds to finance a MSME development programme (e.g., EFTA – Egypt, Chapter 4, art. 25<sup>xxiii</sup>). One RTA also includes a provision to support MSMEs as investors to use the dispute settlement mechanism built in the chapter on investment (EU – Canada, Chapter 8<sup>xxiv</sup>).

19. RTAs contain other forms of investment cooperation such as (i) the exchange of information about investment legislation and opportunities (e.g., Thailand – New Zealand, Chapter 9, art. 4<sup>xxv</sup>), (ii) the conclusion of agreements aimed at advancing investment protection and promotion and at avoiding double taxation (e.g., EU – Mexico, Chapter 6, arts 15 and 17<sup>xxvi</sup>), and (iii) the simplification of investment procedures.

20. Overall, RTA investment measures related to MSMEs aim to protect smaller businesses and to support MSME investment in themselves to develop more sustainable businesses and to support external investment and access to finance.

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<sup>xxi</sup> "The state reserves the right to minerals on all lands. In **small and medium scale mining a prospecting permit shall be issued only to the following persons: (a) an individual who is a citizen of Guyana and an adult; (b) a partnership consisting of two or more citizens of Guyana; (c) a company whose entire issued share capital is beneficially owned by citizens of Guyana or by a corporation which has been established by or under a written law in operation in Guyana, or partly by such citizens and partly by such a corporation**" (EU - CARIFORUM, Schedule)

<sup>xxii</sup> "The Central Government may, for(a) promoting in a harmonious manner the industrial economy of the country and easing the problem of unemployment, and(b) securing that the ownership and control of the material resources of the community are so distributed as best to serve the common good: (1) identify **ancillary and small scale industrial undertakings that need supportive measures**, exemptions and other favourable treatment to enable them to maintain their viability; (2) specify supportive measures, exemptions and other favourable treatment to such ancillary and small scale industrial undertakings (3) specify, by notified order, the requirements which shall be complied with by an industrial undertaking to enable it to be regarded, as an ancillary, or a small scale, industrial undertaking and different requirements may be so specified for different purposes or with respect to industrial undertakings engaged in the manufacture or production of different articles. Prior government approval would be required for foreign direct investment where more than 24% foreign equity is proposed to be inducted into a small scale unit manufacturing items reserved for the small scale sector. **Such units with more than 24% foreign equity will not be eligible for the benefits available to a small scale unit as per the policy of the Government.** The Central Government has the power to classify enterprises engaged in the manufacture or production of goods pertaining to any industry specified in Schedule I of the Industries (Development & Regulation) Act, 1951(IDRA) as: (i) micro enterprises, (ii) small enterprises or (iii) medium enterprises. The Central Government, may from time to time, notify such measures, programmes, guidelines or instructions as it may deem fit to promote and strengthen micro enterprises, small enterprises and medium enterprises and to promote competition among them. Non- SSI (small-scale) units can undertake manufacture of items reserved for the small scale sector only if they undertake 50% export obligations. Industrial units are classified as Small scale based on investment in Plant and machinery in the case of manufacturing units an investment in equipment in the case services sector" (**Korea, Republic of – India, Chapter 10, art. 6**)

<sup>xxiii</sup> "The Parties shall create stable, favourable and transparent conditions for investors of the other Parties that are making or seeking to make investments in their territories. The Parties recognize the importance of promoting cross-border investment and technology flows as a means for achieving economic growth and development. Cooperation in this respect may include: (d) **the development of mechanisms for joint investments, in particular with small and medium enterprises**" (EFTA - Egypt, Chapter 4, art. 25)

<sup>xxiv</sup> "**The investor may, when submitting its claim, propose that a sole Member of the Tribunal should hear the claim.** The respondent shall give **sympathetic consideration to that request, in particular if the investor is a small or medium-sized enterprise** or the compensation or damages claimed are relatively low." (EU – Canada, Chapter 8, art. 23)

<sup>xxv</sup> "This Chapter applies to measures adopted or maintained by a Party relating to direct investments of investors of the other Party and investors of the other Party, and to the promotion and protection of such



investments and investors. The Parties shall strengthen and develop cooperation efforts in investment including through: (a) research and development; (b) networking through information technology; (c) human resource development; (d) **information exchange; and (e) capacity building, including for small and medium enterprises**. The Parties shall foster the development of cooperation in key industries, including in biotechnology, software, electronic manufacturing and agro-processing" **(Thailand - New Zealand, Chapter 9, art. 4)**

<sup>xxvi</sup> "The Parties shall help to create an attractive and stable environment for **reciprocal investment**. Such cooperation shall take the form inter alia of: (a) arrangements for information, identification and dissemination relating to legislation and investment opportunities; (b) support for the development of a legal environment conducive to investment between the Parties, where appropriate, by the conclusion between the Member States and Mexico, of agreements to promote and protect investment and agreements to prevent double taxation; (c) the development of harmonised and simplified administrative procedures; (d) the **development of mechanisms for joint investments, in particular, with the small and medium-sized enterprises of both Parties**. The Parties shall promote a favourable environment for the development of small and medium-sized enterprises. Such cooperation shall consist in: (a) promoting **contacts between economic operators**, encouraging **joint investments** and establishing joint ventures and **information networks** through existing horizontal programmes such as ECIP, AL-INVEST, BRE and BC-NET; (b) facilitating **access to finance, providing information and stimulating innovation**" **(EU - Mexico, Chapter 6, arts 15 and 17)**

## 7 TRADE IN SERVICES

21. Twenty-one RTAs have MSME-related provisions in their chapter on trade in services and/or Schedules (14 per cent of all RTAs containing MSME-related provisions). Two trends come out of the analysis of MSME-related provisions in this chapter. First, these provisions are mainly spelled out in Schedules and correspond to limitations on market access and national treatment commitments. These limitations address both horizontal and sector-specific commitments, including small-scale fishing industries, financial services, energy services, mining, and tourism services. When limitations address horizontal commitments, they introduce fiscal measures favouring national MSMEs or they set aside services sectors characterised by small businesses. When limitations address sector-specific commitments, they either set aside small-scale specific sectors for nationals and residents or they facilitate MSME access to funds through mandatory lending imposed on foreign banks, simplified procedures for MSMEs to sell shares in financial markets or through subsidies to financial institutions aiding MSMEs. Second, a few RTAs establish a cooperation framework aimed at strengthening MSME export capacity.

22. Limitations on national treatment and market access commitments introduce fiscal measures favouring national MSMEs. These include access to special procedures when supplying specific services to MSMEs, the supply of subsidies to MSMEs directly or indirectly through services suppliers providing services to MSMEs, or the mandatory establishment of a local advisory board composed of MSME experts for the supply of specific services (e.g., ASEAN - Korea, Republic of, Schedule<sup>xxvii</sup>). These limitations address only commitments with respect to the supply of services through commercial presence (mode 3), often contingent on registration procedures available only to nationals and residents. It is also associated, in specific services sectors, with mandatory supply of these services to MSMEs. Only a few RTAs include limitations on the supply of services through natural persons (mode 4) or through cross-border trade and consumption abroad (mode 1 and 2).

23. RTAs aimed at strengthening the capacity of MSMEs to supply services include technical cooperation and assistance-related provisions or to increase MSME export capacity, such as for tourism services. Some RTAs do not specify services sectors, while other FTAs do, particularly tourism and cultural services sectors (e.g., EU – CARIFORUM States EPA, Chapter 7, art. 121<sup>xxviii</sup>).

24. Essentially, the approaches taken by governments with respect to MSME trade in services are to set aside small-scale sectors to local MSMEs and to facilitate MSME access to financial services by imposing mandatory MSME-lending from foreign banks. The latter is accomplished by establishing simplified procedures for MSMEs to raise funds through the selling of shares in financial markets or by providing subsidies to financial institutions owned or controlled by governments, which supply financial services to MSMEs (e.g., Peru – Korea, Republic of, Schedule<sup>xxix</sup>).

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<sup>xxvii</sup> **"Foreign banks are required to constitute Local Advisory Boards consisting inter alia of professionals and persons having expertise in areas such as small-scale industry and exports" (ASEAN - Korea, Republic of, Schedule)**

<sup>xxviii</sup> "The Parties recognise the importance of technical cooperation and assistance in order to complement the liberalisation of services and investment, support the Signatory CARIFORUM States' efforts to strengthen their capacity in the supply of services, facilitate the implementation of commitments under this Title, and achieve the objectives of this Agreement. The Parties agree to cooperate, including by providing support for technical assistance, training and capacity building in, inter alia, the following areas: (i) **Improving the export capacity of service suppliers of the Signatory CARIFORUM States, with particular attention to the marketing of tourism and cultural services, the needs of small and medium-sized enterprises**, franchising and the negotiation of mutual recognition agreements" **(EU - CARIFORUM States EPA, Chapter 7, art. 121)**

<sup>xxix</sup> "The following measures are not inconsistent with Article 12.4 (Market Access for Financial Institutions). Any revision, amendment or modification of the following measures or related laws will not be construed to be inconsistent with Article 12.4 (Market Access for Financial Institutions) to the extent that it does not conflict with the spirit of the original measure: (b) **Korean insurance companies are required to extend loans to small- or medium- sized companies on Supervision of Insurance Business** (Financial Services Commission Notification No. 2009-43, July 22, 2009)); (d) **banks and mutual savings banks in Korea are required to extend loans to small or medium-sized companies**. (Article 2 of the Bank of Korea's Regulations on Credit Extension (Monetary Policy Committee, August 19, 1999); and Article 11 of the Mutual Savings Bank Act (Law No. 8143, December 30, 2006) and Article 8-2 of the Enforcement Decree of the Mutual Savings Bank Act" (Peru - Korea, Republic of, Schedule)

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## 8 INTELLECTUAL PROPERTY

25. Fourteen RTAs (7 per cent of RTAs with MSME-related provisions) contain MSME-related provisions in their chapter on Intellectual Property. These provisions reflect two trends. First, that governments have established a cooperation framework to facilitate the acquisition and exploitation of intellectual property rights by MSMEs, which, in turn, drives economic competitiveness. The main form of cooperation is the facilitation of partnerships and exchange of information between intellectual property offices, academic institutions, and other entities in the field of intellectual property protection and development (e.g., Peru – Korea, Republic of, Chapter 17, art. 10<sup>xxx</sup>). A few RTAs specify that their cooperation frameworks aim to facilitate the transfer of technology, as well. The second trend relates to the simplification and transparency of procedures to acquire intellectual property rights applicable to MSMEs (e.g., CPTPP, Chapter 18, art. 13<sup>xxxi</sup>).

26. One RTA sets the obligation for governments to make procedures concerning the acquisition of intellectual property rights by MSMEs publicly available (Canada – Israel, Chapter 10, art. 7<sup>xxxii</sup>).

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<sup>xxx</sup> "The Parties agree to exchange views and information on the legal framework concerning protection and enforcement of intellectual property rights in accordance with their respective laws, regulations, and policies to: (a) improve and strengthen intellectual property systems to promote the efficient enforcement of intellectual property rights; and (b) **stimulate the creation and development of intellectual property by persons of each Party, particularly small and medium-sized enterprises**" (Peru - Korea, Republic of, Chapter 17, art. 10)

<sup>xxxi</sup> "The Parties shall endeavour to cooperate on the subject matter covered by this Chapter, such as through appropriate coordination, training and **exchange of information between the respective intellectual property offices of the Parties, or other institutions**, as determined by each Party. Cooperation may cover areas such as: (d) intellectual property issues relevant to: (i) small and medium-sized enterprises" (CPTPP, Chapter 18, art. 13)

<sup>xxxii</sup> "With the aim of making the protection and enforcement of intellectual property rights transparent, each Party shall ensure that its laws, regulations and procedures concerning intellectual property rights are published or otherwise made available in a manner that enables the other Party or any interested person to become acquainted with them. **To clarify procedures and practices regarding the application, issuance and registration of industrial property rights, the Parties should publish:** (a) clear and simple instructions and explanations of the steps involved regarding the application, issuance and registration processes; (b) the examination guidelines and assessment criteria, if any, used to review an application, if applicable; (c) the contact points for inquiries regarding the registration of industrial property rights; and (d) **the provisions, if any, directed to small and medium sized enterprises**" (Canada - Israel, Chapter 10, art. 7)

## 9 ADMINISTRATION OF THE RTA

27. When evaluating the impact of their RTAs, governments may consider the impacts of their RTAs on MSMEs and make recommendations on MSMEs' needs. Twelve RTAs (6 per cent of total RTAs with MSME references) contain provisions related to MSMEs in their chapter on administration of the agreement. These provisions establish a Trade Committee, whose main task is to evaluate the impacts of the RTA on MSMEs (e.g., US – Colombia, Chapter 20, art. 1 and US – Peru, Chapter 20, art. 1<sup>xxxiii</sup>). In assessing these impacts, governments may seek to obtain inputs from MSMEs (e.g., Canada – Colombia, Chapter 20, art. 2001<sup>xxxiv</sup>). In some RTAs, this impact assessment may also be undertaken by committees established under other chapters.

28. MSME-related provisions in this chapter are close to those spelled out in the chapter on regulatory coherence. However, MSME-related provisions in this chapter involve the impact assessment of the RTA itself on MSMEs while the provisions in the chapter on regulatory coherence concerns the ex-ante impact assessment of a covered regulatory measure that a government aims at developing.

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<sup>xxxiii</sup> **"The Commission may review the impacts, including any benefits, of the Agreement on the small and medium-size businesses of the Parties.** Toward that end, the Commission may: (a) designate working groups to evaluate the effects of the Agreement on small and medium-size businesses and **make relevant recommendations to the Commission, including working plans focused on the needs of small and medium-size businesses.** Any working group recommendations with respect to trade capacity building shall be referred to the Committee for Trade Capacity Building for consideration; and (b) receive information, input and views from representatives of small and medium-size businesses and their business associations."  
**(US - Colombia, Chapter 20, art. 1) & (US - Peru, Chapter 20, art. 1)**

<sup>xxxiv</sup> "The Parties hereby establish a Joint Commission, comprising cabinet-level representatives of the Parties, or their designees. The Commission may review the impacts, including any benefits, of this Agreement on the small and medium-size businesses of the Parties. Towards that end, the Commission may: Designate working groups to evaluate the effects of this Agreement on small and medium-size businesses and make relevant recommendations to the Commission, including working plans focused on the needs of small and medium-size businesses. Any working group recommendations with respect to trade capacity building shall be referred to the Committee on Trade-Related Cooperation for consideration; and **Receive information, input and views from representatives of small and medium-size businesses and their business associations"**  
**(Canada - Colombia, Chapter 20, art. 2001)**

## 10 MSMEs

29. The first RTA put into force with a standalone MSME Chapter was the Japan – Singapore Agreement in 2002. Presently, ten RTAs (5 per cent of RTAs with MSME-related provisions) now include a dedicated chapter on MSMEs in addition to references in other chapters. The MSME-related provisions in the MSME chapter revolve around a cooperation framework aimed at developing MSMEs. A stand-alone chapter on MSMEs can add greater visibility, and thus predictability, for MSMEs. Complementing the cooperation framework, some of these RTAs support access to regulatory information by requiring governments to make a website available containing information designed for MSMEs in the RTA (Canada – Israel, Chapter 14, art. 2<sup>xxxv</sup>). Lastly, six<sup>3</sup> out of the ten RTAs with MSME chapters specify that disputes related to provisions in the chapter on MSMEs cannot be resolved through the dispute settlement mechanism built in the RTA, but rather through dialogue, consultations and cooperation (e.g., CPTPP, Chapter 24, art. 3<sup>xxxvi</sup>).

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<sup>xxxv</sup> "Each Party shall establish or maintain its own **publicly accessible website containing information regarding this Agreement, including: (c) information designed for SMEs that includes: (i) a description of the provisions in this Agreement that the Party considers to be of particular interest to SMEs; and (ii) any information that the Party considers useful for SMEs interested in the opportunities provided by this Agreement.** Each Party should include in the website links to the: (a) equivalent website of the other Party; and (b) websites of its government agencies and other appropriate entities that provide information the Party considers useful to any person interested in trading or doing business in that Party's territory. 3. The **information may include: (h) SME financing programs.** 4. When possible, each Party shall endeavour to make the information available in English. 5. Each Party should endeavour to ensure that the information and links on the website referred to in paragraph 1 are current and accurate" **(Canada - Israel, Chapter 14, art. 2)**

<sup>xxxvi</sup> "**No Party shall have recourse to dispute settlement under Chapter 28 (Dispute Settlement) for any matter arising under this Chapter" (CPTPP, Chapter 24, art. 3)**

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<sup>3</sup> Canada - Israel; CPTPP; EU - Japan; EU – United Kingdom; United Kingdom – Japan; and USMCA/CUSMA/T-MEC.

## 11 TRANSPARENCY

30. Ten RTAs have MSME-related provisions in their chapter on transparency. Seven of these RTAs involve the European Union, or the United Kingdom based on previous EU-agreements and stress the principle of transparency and efficiency with respect to the regulatory environment with a view to favouring trade and investment. This chapter was first introduced in 2014 in the EU – Georgia and EU – Ukraine agreements<sup>xxxvii</sup>.

31. The CPTPP addresses a different issue, which is related to anti-corruption objectives<sup>xxxviii</sup>. This RTA calls for the support of intermediaries to assist MSMEs to develop internal controls, ethics and compliance programmes for preventing and detecting bribery and corruption affecting international trade and investment.

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<sup>xxxvii</sup> "Recognising the impact which regulatory environment may have on trade and investment between the Parties, the Parties shall provide **a predictable regulatory environment for economic operators and efficient procedures**, including for small and medium-sized enterprises, taking due account of the requirements of legal certainty and proportionality" (**EU - Georgia, Chapter 12, art. 220**)

<sup>xxxviii</sup> "Each Party shall take appropriate measures, within its means and in accordance with fundamental principles of its legal system, to **promote the active participation of individuals and groups outside the public sector, such as enterprises, civil society, non-governmental organisations and community-based organisations, in the prevention of and the fight against corruption in matters affecting international trade or investment**, and to raise public awareness regarding the existence, causes and gravity of, and the threat posed by, corruption. To this end, a Party may: (b) adopt or maintain measures to encourage professional associations and other non-governmental organisations, if appropriate, in their efforts to **encourage and assist enterprises, in particular SMEs, in developing internal controls, ethics and compliance programmes or measures for preventing and detecting bribery and corruption in international trade and investment**" (**CPTPP, Chapter 26, art. 10**)

## 12 COMPETITION

32. Nine RTAs mention MSMEs in their chapter on competition. While some of these provisions detail when subsidies are allowable, others are more general and provide for information and commissions to support MSME competitiveness (e.g., Peru – Australia, Chapter 21, art. 2<sup>xxxix</sup>). One of these RTAs clarifies that subsidies for MSMEs are compatible with the effective functioning of the RTA. Another RTA specifies that subsidies for MSMEs, including subsidies for covering debts or liabilities of MSMEs or subsidies to insolvent or ailing MSMEs without a credible retraction plan, are compatible with the Subsidies and Countervailing Agreement, provided that criteria for eligibility to said subsidies are neutral, non-discriminatory, written in a legal or regulatory document, economic in nature, horizontally applied and granted automatically (EU – Korea, Republic of, Chapter 11, art. 11<sup>xi</sup>).

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<sup>xxxix</sup> "The Parties recognise that, in order to enhance the domestic, regional and global competitiveness of their economies, and to promote economic integration and development within the free trade area, their business environments must be responsive to market developments. **2. Each Party shall designate and notify a contact point on Competitiveness and Business Facilitation to facilitate communications between the Parties** on any matter covered by this Chapter. 3. The contact points shall facilitate: (a) discussion of effective approaches and develop information sharing activities to support efforts to establish a competitive environment that is conducive to the establishment of businesses, facilitates trade and investment between the Parties, and promotes economic integration and development within the free trade area; (b) exploration of ways to take advantage of the trade and investment opportunities that this Agreement creates; (c) identification and discussion of measures affecting, as well as best practices and experiences relevant to, the development and strengthening of supply chains; (d) **provision of advice and recommendations to the Joint Commission on ways to further enhance the competitiveness of the Parties' economies, including recommendations identifying ways to promote the development and strengthening of supply chains, aimed at enhancing the participation especially of SMEs**; (e) where appropriate, coordination of meetings between government representatives of each Party to address any matter covered by this Chapter; and (f) engagement in other activities as the Parties may decide. **(Peru - Australia, Chapter 21, art. 2)**"

<sup>xi</sup> "The following subsidies shall be deemed to be specific under the conditions of Article 2 of the SCM Agreement and shall be prohibited for the purposes of this Agreement in so far as they adversely affect international trade of the Parties. (a) subsidies granted under any legal arrangement whereby a government or any public body is responsible for covering debts or liabilities of certain enterprises within the meaning of Article 2.1 of the SCM Agreement without any limitation, in law or in fact, as to the amount of those debts and liabilities or the duration of such responsibility; and (b) subsidies (such as loans and guarantees, cash grants, capital injections, provision of assets below market prices or tax exemptions) to insolvent or ailing enterprises, without a credible restructuring plan based on realistic assumptions with a view to ensuring the return of the insolvent or ailing enterprise within a reasonable period of time to long-term viability and without the enterprise significantly contributing itself to the costs of restructuring. This does not prevent the Parties from providing subsidies by way of temporary liquidity support in the form of loan guarantees or loans limited to the amount needed to merely keep an ailing enterprise in business for the time necessary to work out a restructuring or liquidation plan. For the purposes of this Agreement, **subsidies for small and medium-sized enterprises granted in accordance with objective criteria or conditions as provided for in Article 2.1 (b) and footnote 2 attached thereto of the SCM Agreement shall not be subject to this Article.**" **(EU - Korea, Republic of, Chapter 11, art. 11)**

### 13 DEVELOPMENT

33. Of all identified RTAs with MSME-related provisions, six agreements (3 per cent) have MSME references in their chapters on development. In general, the objectives of these provisions are to create opportunities for entrepreneurs and MSMEs to participate in the economy as well as to increase inclusiveness (e.g., East African Community (EAC), Chapter 22, arts 122 and 127<sup>xli</sup>). Measures include training, access to finance and participation in regulatory development among others.

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<sup>xli</sup> **"Having recognised the importance of women as a vital economic link between agriculture, industry and trade, the Partner States undertake** to: (a) increase the participation of women in business at the policy formulation and implementation levels; (b) **promote special programmes for women in small, medium and large scale enterprises**; (c) eliminate all laws, regulations and practises that hinder women's access to financial assistance including credit; (d) initiate changes in educational and training strategies to enable women to improve their technical and industrial employment levels through the acquisition of transferable skills offered by various forms of vocational and on-the-job training schemes; and (e) recognise and support the national and regional associations of women in business established to promote the effective participation of women in the trade and development activities of the Community...

**The Partner States agree to provide an enabling environment for the private sector and the civil society to take full advantage of the Community.** To this end, the Partner States undertake to formulate a strategy for the development of the private sector and to: (a) promote a continuous dialogue with the private sector and civil society at the national level and at that of the Community to help create an improved business environment for the implementation of agreed decisions in all economic sectors; and (b) **provide opportunities for entrepreneurs to participate actively in improving the policies and activities of the institutions of the Community that affect them so as to increase their confidence in policy reforms and raise the productivity and lower the costs of the entrepreneurs.** 2. For these purposes, the Partner States undertake to (f) collaborate with their national chambers of commerce and industry to **establish lending institutions that shall primarily cater for the private sector especially the small-scale entrepreneurs** who find it difficult to obtain credit from commercial banks and financing institutions" (East African Community (EAC), Chapter 22, arts 122 and 127).



## 14 LABOUR

34. Five RTAs contain MSME-related provisions in their Chapter on Labour, or 2 per cent of the total number of RTAs with MSME-related provisions. These MSME-related provisions contribute to the general objective of the Chapter on Labour to improve working conditions in accordance with international labour standards, as well as to improve labour productivity and business competitiveness. These MSME-related provisions are part of a cooperation framework aimed at incentivizing MSMEs to adopt best labour practices. These practices aim to contribute to improvements in labour productivity and competitiveness of MSMEs. A few RTAs provide an illustrative list of the areas of labour practices, including social protection services, cooperation frameworks between employers and worker representatives, improved working conditions and the respect of fundamental rights at work. Ministries or focal points also cooperate through the exchange of information about best labour practices and the undertaking of joint activities (e.g., US – Peru, Chapter 17, art. 6 and annex 17.6<sup>xlii</sup>).

35. MSME-related provisions also address the need for governments to limit the hindrances to the creation and development of MSMEs when designing and implementing labour laws and regulations. In this vein, one RTA introduces an obligation for governments to minimize hindrances to the creation and development of MSMEs (e.g., EU Treaty, Chapter 5, arts 151 and 153<sup>xliii</sup>).

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<sup>xlii</sup> "The Parties hereby establish a Labor Cooperation and Capacity Building Mechanism, as set out in Annex 17.6. This Mechanism shall operate in a manner that respects each Party's law and sovereignty. The Parties' contact points shall carry out the work of the Labor Cooperation and Capacity Building Mechanism by developing and **pursuing bilateral or regional cooperation activities** on labor issues, which may include, but need not be limited to: (p) issues related to small, medium, and micro enterprises, and artisans: promotion of fundamental rights at work, improvement of working conditions, competitiveness, and productivity levels, and public awareness of relevant laws" **(US – Peru, Chapter 17, art. 6 and annex 17.6)**

<sup>xliii</sup> "With a view to achieving the objectives of Article 151 (i.e. promotion of employment, improved living and working conditions, so as to make possible their harmonisation the improvement is being maintained, proper social protection, dialogue between management and labour, the development of human resources with a view to lasting high employment and the combating of exclusion.), the Union shall support the activities of the Member States in the following fields: (a) improvement in particular of the working environment to protect workers' health and safety; (b) working conditions; (c) social security and social protection of workers; (d) protection of workers where their employment contract is terminated; (e) the information and consultation of workers. To this end, the European Parliament and the Council: (b) may adopt, in these fields, by means of directives, minimum requirements for gradual implementation, having regard to the conditions and technical rules obtaining in each of the Member States. **Such directives shall avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings.**" **(EU Treaty, Chapter 5, arts 151 and 153)**

## **15 PREAMBLE AND GENERAL PROVISIONS, OTHER CHAPTERS**

36. Twelve RTAs (6 per cent) contain references to MSMEs in their preambles and general provisions. This language generally recognizes the potential of MSMEs for economic development and entreats participants to create enabling business environments for MSMEs (e.g., Economic Community of West African States (ECOWAS), Preamble and General Provisions<sup>xliv</sup>).

37. MSMEs are also referenced 20 additional times in chapters ranging from agriculture and fisheries to subsidies. The following is a brief overview of these measures.

### **15.1 Agriculture and Fisheries**

38. Four RTAs between the EU – CARIFORUM States and the EU – Eastern and Southern Africa States, as well as the subsequent United Kingdom agreements based on the same language, refer to support for small-scale agriculture and fisheries. Both underscore the need to develop capacity building for small-scale agriculture and fisheries and to stay aware of potential changes caused by the implementation of the agreement itself to these entities (e.g., United Kingdom – CARIFORUM States, Chapter 5, art. 43<sup>xlv</sup>).

### **15.2 Digital Trade**

39. MSMEs were introduced into the Digital Trade chapter in the United States – Mexico – Canada Agreement (USMCA/CUSMA/T-MEC) in 2020 and also appear in the 2021 United Kingdom – Iceland, Liechtenstein and Norway agreement. Both are related to the use and access of government data. Parties to the agreement will identify ways to expand access to this type of data with the view of potentially creating business opportunities, especially for MSMEs.

### **15.3 Environment**

40. Two RTAs with MSME-related provisions have a standalone chapter on environment that includes MSME-related provisions. The general objective of this chapter is the protection of the environment through trade and the promotion of environmentally friendly trade practices. In order to achieve this objective, one RTA establishes a specific cooperation framework to facilitate the adoption of sound environmental practices and technologies by MSMEs. The other RTA stresses the need to consider MSMEs when regulating fisheries subsidies given these subsidies can lead to overfishing and overcapacity, as well as illegal, unreported and unregulated (IUU) fishing.

### **15.4 Industrial Policy**

41. Three RTAs with MSME-related provisions have references in Industrial Policy chapters (United Kingdom – Georgia, United Kingdom – Ukraine, and EU – Armenia). These chapters refer to policy cooperation to improve the business environment for all parties, but especially MSMEs and also to monitoring of implementation.

### **15.5 Regulatory coherence**

42. One RTA discusses MSMEs and good regulatory practices in its standalone chapter on regulatory coherence. These MSME-related provisions encourage governments to consider the potential impacts on MSMEs when undertaking regulatory impact assessments. In addition, these MSME-related provisions require governments to consult with foreign MSMEs when designing and implementing cooperation activities, an ex-ante regulatory impact assessment. Another RTA also encourages governments to consider the potential impacts on MSMEs when undertaking regulatory impact assessments, however this MSME-related provision is located in the chapter on cooperation.

## 15.6 Rules of Origin

43. References to MSMEs are made in the Rules of Origin chapters of two RTAs, ASEAN – Hong Kong, China and the ASEAN Free Trade Area (AFTA). Both agreements refer to the functions of sub-committees on rules of origin, one of their roles being to encourage the development of MSMEs to narrow development gaps.

## 15.7 State-Owned Enterprises

44. One RTA, the EU – Viet Nam agreement, contains MSME-related provisions in a chapter on State-owned enterprises. In this case, the language denotes an exception to the requirement that an enterprise provide information concerning their operations or monopoly if they are categorized as a MSME (EU – Viet Nam, Chapter 11, art. 6)<sup>xlvi</sup>.

## 15.8 Subsidies

45. One RTA with MSME-related provisions includes a MSME references in their chapter on subsidies. The 2021 EU – United Kingdom agreement. In this agreement, rescue and restructuring of an insolvent firm requires that the firm itself contribute significant funds to the cost of restructuring unless it is a MSME, thereby providing a significant exception to these firms (EU – United Kingdom, Chapter 3, art. 3.5)<sup>xlvii</sup>.

## 15.9 Trade in Goods

46. Three RTAs contain MSME-related provisions in their chapters on Trade in Goods. These three references vary in terms of coverage. For the EU – South Africa agreement, language is introduced to allow for public aid to be provided for the promotion of MSMEs<sup>xlviii</sup>. The India – Nepal agreement calls for the exemption of Nepalese small-scale units from Indian excise duties<sup>xlix</sup>. Finally, the United Kingdom – Iceland, Liechtenstein and Norway Agreement calls on Parties to simplify standardisation of data and documentation required by customs, to consult with the business community concerning trade facilitation measures, and to ensure that AEO criteria are designed for inclusivity, all bearing MSMEs in mind (United Kingdom – Iceland, Liechtenstein and Norway, Chapter 2, arts 2.51-59).

## 15.10 Good Regulatory Practices and Regulatory Cooperation

47. The European Union – United Kingdom RTA in 2021 is the first to include a MSME references under their chapter on Good Regulatory Practices. The references in this chapter ask that the Parties consider the impact of regulatory measures on MSMEs, including their impact, when such measures are in preparation. Besides impact, parties will also consider ways to reduce the regulatory burden on MSMEs when conducting reviews (EU – United Kingdom, Chapter5, arts. 4, 8 and 9).

<sup>xliv</sup> "For the purpose of promoting industrial development of Member States and integrating their economies, Member States shall, harmonise the industrialisation policies. In this connection, Member States shall: a) strengthen the industrial base of the Community//modernise the priority sectors and foster self-sustained and self-reliant development; b) promote joint industrial development projects as well as the creation of multinational enterprises in priority industrial sub-sectors likely to contribute to the development of agriculture, transport and communications, natural resources and energy. In order to create a solid basis for industrialisation and promote collective self reliance, **Member States shall: c) ensure the promotion of medium and small-scale industries.**" (Economic Community of West African States (ECOWAS), Preamble and General Provisions)

<sup>xlv</sup> "The Parties acknowledge the importance of the agricultural, food and fisheries sectors to the economies of CARIFORUM States and of cooperating to promote the transformation of these sectors, with the aim of increasing their competitiveness, developing their capacity to access high quality markets and in view of their potential contribution to the sustainable development of the CARIFORUM States. They recognise the need to facilitate the adjustment of the agricultural, food and fisheries sectors and the rural economy, to the progressive changes brought about by this Agreement, while paying particular attention to small scale operations... The Special Committee on Agriculture and Fisheries shall: (d) engage in dialogue on matters relating to agriculture and fisheries, including in the following areas: (ii) **the promotion of investment in**

**and knowledge transfer to CARIFORUM agricultural, food and fisheries sectors, including small-scale activities." (United Kingdom – CARIFORUM States, Chapter 5, art. 43)**

<sup>xlvi</sup> "A Party which has reasonable reason to believe that its interests under this Chapter are being adversely affected by the commercial activities of a state-owned enterprise, an enterprise granted special rights or privileges, or a designated monopoly, of the other Party may request the other Party in writing to provide information about the operations of that enterprise or monopoly. The request shall indicate the enterprise or monopoly, the products or services and markets concerned, and include indications that the enterprise or monopoly is engaging in practices that hinder trade or investment between the Parties. 2. The information referred to in paragraph 1 shall include: (a) **the ownership and the voting structure of the enterprise or monopoly, indicating the percentage of shares and the percentage of voting rights that a Party or a state-owned enterprise, an enterprise granted special rights or privileges, or a designated monopoly cumulatively own;** (b) a description of any special shares or special voting or other rights that a Party or a state-owned enterprise, an enterprise granted special rights or privileges, or a designated monopoly hold, where such rights differ from the rights attached to the common shares of such enterprise or monopoly; (c) the organisational structure of the enterprise or monopoly, the composition of its board of directors or of an equivalent body exercising direct or indirect control in such an enterprise or entity, and cross-holdings and other links with different state-owned enterprises, enterprises granted special rights or privileges, or designated monopolies; (d) a description of which government departments or public bodies regulate or monitor the enterprise or monopoly, a description of the reporting lines (53), and the rights and practices of the government department or public bodies in the appointment, dismissal or remuneration of managers; (e) **annual revenue or total assets, or both;** (f) exemptions, immunities and any other measures, including more favourable treatment, applicable in the territory of the requested Party to any state-owned enterprise, enterprise granted special rights or privileges, or designated monopoly. 3. A Party may request the other Party to provide additional information regarding the calculations of the revenue threshold referred to in paragraph 4 of Article 11.2 (Scope of Application). 4. Paragraphs 1 to 3 shall not require a Party to disclose confidential information which would be inconsistent with its laws and regulations, impede law enforcement or otherwise be contrary to the public interest or prejudice the legitimate commercial interests of particular enterprises. 5. **In the case of the Union, subparagraphs 2(a) to 2(e) do not apply to enterprises which qualify as small or medium sized enterprises as defined in Union law." (EU – Viet Nam, Chapter 11, art. 6)**

<sup>xlvii</sup> "Rescue and restructuring 3. Subsidies for restructuring an ailing or insolvent economic actor without the economic actor having prepared a credible restructuring plan shall be prohibited. The restructuring plan shall be based on realistic assumptions with a view to ensuring the return to long-term viability of the ailing or insolvent economic actor within a reasonable time period. During the preparation of the restructuring plan, the economic actor can receive temporary liquidity support in the form of loans or loan guarantees. **Except for small and medium-sized enterprises, an economic actor or its owners, creditors or new investors shall contribute significant funds or assets to the cost of restructuring.** For the purposes of this paragraph, an ailing or insolvent economic actor is one that would almost certainly go out of business in the short to medium term without the subsidy." (EU – United Kingdom, Chapter 3, art. 3.5)

<sup>xlviii</sup> "In so far as it may affect trade between the Community and South Africa, public aid favouring certain firms or the production of certain goods, which distorts or threatens to distort competition, and which does not support a specific public policy objective or objectives of either Party, is incompatible with the proper functioning of this Agreement. The Parties agree that it is in their interests to ensure that public aid is granted in a fair, equitable and transparent manner. Without prejudice to the Parties' rights and obligations in terms of their respective laws and international commitments, and to the measures taken by the Parties in implementation of Article 41 of this Agreement, it is accepted that: (b) **Public aid provided, for example, by way of programmes or schemes in support of public objectives such as, inter alia, regional development, industrial restructuring and development, promotion of the micro enterprises and small and medium-sized enterprises,** the advancement of previously disadvantaged persons or affirmative action programmes is, as a general rule, compatible with the proper functioning of this Agreement." (EU – South Africa, Chapter 2, art. 41 and annex IX).

<sup>xlix</sup> "Notwithstanding the provisions of Article III and subject to such exceptions as may be made after consultation with His Majesty's Government of Nepal, **the Government of India agree to promote the industrial development of Nepal through the grant on the basis of non-reciprocity of specially favorable treatment to imports into India of industrial products manufactured in Nepal** in respect of customs duty and quantitative restrictions normally applicable to them. On the basis of a Certificate issued, for each consignment of articles manufactured in the small-scale units in Nepal, by His Majesty's Government of Nepal, that **the relevant conditions applicable to the articles manufactured in similar Small Scale Industrial units in India for relief in the levy of applicable Excise Duty rates are fulfilled for such a parity, Government of India will extend parity in the levy of Additional Duty on such Nepalese articles equal to the treatment provided in the levy of effective Excise Duty on similar Indian articles under the Indian Customs and Central Excise Tariff.** However, this facility will be applicable only to articles manufactured in Nepal in such small scale units which qualify as small scale units under the Nepalese Industrial Policy as on 5th December, 2001. The "Additional Duty" rates equal to the effective Indian excise duty rates applicable to similar Indian products under the Indian Customs Central Excise Tariff will continue to be levied on the imports into India of products manufactured in the medium and large scale units in Nepal. In regard to additional duty collected by the Government of India in respect of manufactured articles

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other than those manufactured in "small" units; Wherever it is established that the cost of production of an article is higher in Nepal than the cost of production in a corresponding unit in India, a sum representing such difference in the cost of production, but not exceeding 25 per cent of the "additional duty" collected by the Government of India, will be paid to His Majesty's Government of Nepal provided His Majesty's Government of Nepal have given assistance to the same extent to the (manufacturers) exporters." **(India – Nepal, Trade in Goods, art. 5).**

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**Annex 1****Members' share of in force and WTO notified RTAs with MSME references**

<b>Member</b>	<b>Share</b>	<b>RTA in force with MSME</b>	<b>Total RTAs in force and notified</b>
Brunei Darussalam	100%	10	10
Cambodia	100%	7	7
Antigua and Barbuda	100%	3	3
Barbados	100%	3	3
Belize	100%	3	3
Dominica	100%	3	3
Grenada	100%	3	3
Jamaica	100%	3	3
Kenya	100%	3	3
Saint Kitts and Nevis	100%	3	3
Saint Lucia	100%	3	3
Saint Vincent and the Grenadines	100%	3	3
Suriname	100%	3	3
Burundi	100%	2	2
Haiti	100%	2	2
Rwanda	100%	2	2
Uganda	100%	2	2
Cabo Verde	100%	1	1
Democratic Republic of the Congo	100%	1	1
Guinea-Bissau	100%	1	1
Liberia	100%	1	1
Madagascar	100%	1	1
Mongolia	100%	1	1
Sierra Leone	100%	1	1
The Gambia	100%	1	1
Colombia	93%	14	15
Thailand	93%	13	14
United States of America	93%	13	14
Japan	89%	16	18
Lao People's Democratic Republic	89%	8	9
Myanmar	88%	7	8
Canada	87%	13	15
Honduras	85%	11	13
New Zealand	85%	11	13
Peru	81%	17	21
Viet Nam	80%	12	15
Dominican Republic	80%	4	5
Singapore	78%	21	27

Member	Share	RTA in force with MSME	Total RTAs in force and notified
Malaysia	75%	12	16
Indonesia	75%	9	12
Bahrain, Kingdom of	75%	3	4
Bolivia, Plurinational State of	75%	3	4
Côte d'Ivoire	75%	3	4
Guyana	75%	3	4
Oman	75%	3	4
Trinidad and Tobago	75%	3	4
Costa Rica	73%	11	15
Philippines	73%	8	11
Chile	71%	22	31
Korea, Republic of	70%	14	20
Guatemala	70%	7	10
El Salvador	69%	9	13
United Kingdom	68%	26	38
EU	67%	31	46
Ecuador	67%	4	6
Papua New Guinea	67%	4	6
Kuwait, the State of	67%	2	3
Qatar	67%	2	3
Saudi Arabia, Kingdom of	67%	2	3
Seychelles	67%	2	3
Venezuela, Bolivarian Republic of	67%	2	3
Australia	65%	11	17
Switzerland	63%	20	32
China	63%	10	16
Liechtenstein	61%	19	31
Fiji	60%	3	5
Samoa	60%	3	5
Norway	59%	19	32
Iceland	58%	19	33
Eswatini	57%	4	7
Lesotho	57%	4	7
South Africa	57%	4	7
Nicaragua	55%	6	11
Mexico	52%	12	23
Panama	50%	9	18
Israel	50%	5	10
Hong Kong, China	50%	4	8
Mauritius	50%	4	8

Member	Share	RTA in force with MSME	Total RTAs in force and notified
Botswana	50%	3	6
Chinese Taipei	50%	3	6
Solomon Islands	50%	3	6
Zimbabwe	50%	3	6
Cuba	50%	2	4
Ghana	50%	2	4
Tanzania	50%	2	4
United Arab Emirates	50%	2	4
Angola	50%	1	2
Burkina Faso	50%	1	2
Guinea	50%	1	2
Macao, China	50%	1	2
Malawi	50%	1	2
Mali	50%	1	2
Niger	50%	1	2
Nigeria	50%	1	2
Senegal	50%	1	2
Togo	50%	1	2
Zambia	50%	1	2
Morocco	44%	4	9
Namibia	43%	3	7
Albania	40%	2	5
Argentina	38%	3	8
Paraguay	38%	3	8
Uruguay	38%	3	8
Kazakhstan	36%	4	11
India	35%	6	17
Turkey	33%	8	24
Russian Federation	33%	4	12
Brazil	33%	3	9
North Macedonia	33%	2	6
Benin	33%	1	3
Tonga	33%	1	3
Ukraine	30%	6	20
Egypt	30%	3	10
Kyrgyz Republic	30%	3	10
Georgia	29%	4	14
Armenia	25%	3	12
Jordan	25%	2	8
Cameroon	25%	1	4



Member	Share	RTA in force with MSME	Total RTAs in force and notified
Mozambique	25%	1	4
Vanuatu	25%	1	4
Moldova, Republic of	22%	2	9
Montenegro	20%	1	5
Tunisia	13%	1	8
Pakistan	10%	1	10
Afghanistan	-	-	2
Bangladesh	-	-	5
Central African Republic	-	-	1
Chad	-	-	1
Congo	-	-	1
Gabon	-	-	1
Maldives	-	-	2
Nepal	-	-	3
Sri Lanka	-	-	6
Tajikistan	-	-	2
Yemen	-	-	1

## Annex 2

## List of the 196 in-force RTAs with MSME-related language, including chapters and total number of references

Regional Trade Agreement	Date of entry into force	Chapter(s) with MSME reference(s)	Number of references
Andean Community	25 May 1988	Cooperation	2
ASEAN - Australia - New Zealand	01 January 2010	Ecommerce	1
ASEAN - China	21 September 2005	Cooperation	1
ASEAN - Hong Kong, China	11 June 2019	Cooperation	2
		Rules of Origin	
ASEAN - India	19 August 2010	Cooperation	2
		Trade in Services	
ASEAN - Japan	01 December 2008	Cooperation	1
ASEAN - Korea, Republic of	08 July 2010	Cooperation	3
		Trade in Services	
ASEAN Free Trade Area (AFTA)	01 January 1993	Customs and trade facilitation	3
ASEAN Free Trade Area (AFTA)	17 May 2010	Rules of Origin	3
		Trade Facilitation	
Australia - Chile	06 March 2009	Cooperation	4
		Government Procurement	
		Investment	
Australia - Papua New Guinea (PATCRA), amended	20 September 1991	Cooperation	1
Brunei Darussalam - Japan	31 July 2008	Cooperation	1
Canada - Chile	05 July 1997	Trade in services	1
Canada - Colombia	15 August 2011	Cooperation	6
		Ecommerce	
		Government Procurement	
Canada - Honduras	01 October 2014	Ecommerce	2
Canada - Israel	28 May 2018	Ecommerce	10
		IP	
		Preamble and General Provisions	
		SMEs	
Canada - Korea, Republic of	01 January 2015	Ecommerce	1
Canada - Panama	01 April 2013	Ecommerce	3
		Government Procurement	
Canada - Peru	01 August 2009	Cooperation	6
		Ecommerce	
		Government Procurement	
		Trade in Services	
Canada - Ukraine	01 August 2017	Cooperation	1
Caribbean Community and Common Market	14 October 1974	Development	2
		Preamble and General Provisions	

<b>Regional Trade Agreement</b>	<b>Date of entry into force</b>	<b>Chapter(s) with MSME reference(s)</b>	<b>Number of references</b>
Chile - China	20 July 2007	Cooperation	1
Chile - Colombia	08 May 2009	Cooperation	6
		Ecommerce	
		Government Procurement	
		Labor	
Chile - Guatemala (Chile - Central America)	23 March 2010	Subsidies	1
Chile - Honduras (Chile - Central America)	19 July 2008	Subsidies	1
Chile - Indonesia	10 August 2019	Cooperation	2
Chile - Japan	03 September 2007	Trade in Services	1
Chile - Malaysia	25 February 2012	Cooperation	1
Chile - Thailand	05 November 2015	Cooperation	2
Chile - Viet Nam	01 January 2014	Cooperation	1
China - Costa Rica	01 August 2011	Cooperation	1
China - Hong Kong, China	29 June 2003	Cooperation	1
China - Korea, Republic of	20 December 2015	Cooperation	4
		Investment	
China - Macao, China	17 October 2003	Cooperation	1
China - New Zealand	01 October 2008	Cooperation	2
Colombia - Mexico	01 January 1995	Government Procurement	1
Colombia - Northern Triangle (El Salvador, Guatemala, Honduras)	12 November 2009	Administration of the Agreement	12
		Cooperation	
		Ecommerce	
		Government Procurement	
		Investment	
Common Economic Zone (CEZ)	20 May 2004	Development	1
Common Market for Eastern and Southern Africa (COMESA)	08 December 1994	Cooperation	5
		Development	
Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)	30 December 2018	Competition	19
		Cooperation	
		Cooperation	
		Customs and trade facilitation	
		Development	
		Ecommerce	
		Environment	
		Government Procurement	
		IP	
		Labor	
		Regulatory Coherence	
		SMEs	
Transparency			

<b>Regional Trade Agreement</b>	<b>Date of entry into force</b>	<b>Chapter(s) with MSME reference(s)</b>	<b>Number of references</b>
Costa Rica - Colombia	01 August 2016	Administration of the Agreement Ecommerce	6
		Government Procurement	
		Investment	
		Trade in Services	
Costa Rica - Peru	01 June 2013	Administration of the Agreement Government Procurement	4
		IP	
Costa Rica - Singapore	01 July 2013	Cooperation	3
		Ecommerce	
		Government Procurement	
Dominican Republic - Central America	04 October 2001	Government Procurement	1
Dominican Republic - Central America - United States Free Trade Agreement (CAFTA-DR)	01 March 2006	Ecommerce	5
		Government Procurement	
East African Community (EAC)	09 October 2000	Cooperation	3
		Development	
Economic Community of West African States (ECOWAS), revised in July 1993	24 July 1993	Cooperation	2
		Preamble and General Provisions	
EFTA - Albania	01 November 2010	Customs and trade facilitation	1
EFTA - Canada	01 July 2009	Customs and trade facilitation	1
EFTA - Central America (Costa Rica and Panama)	19 August 2014	Government Procurement	1
EFTA - Chile	01 December 2004	Government Procurement	2
		Investment	
EFTA - Colombia	01 July 2011	Government Procurement	3
		Preamble and General Provisions	
EFTA - Egypt	01 August 2007	Investment	1
EFTA - Georgia	01 September 2017	Government Procurement	1
EFTA - Hong Kong, China	01 October 2012	Customs and trade facilitation	1
EFTA - Korea, Republic of	01 September 2006	Trade in Services	1
EFTA - Lebanon	01 January 2007	Investment	1
EFTA - Mexico	01 July 2001	Investment	1
EFTA - Montenegro	01 September 2012	Customs and trade facilitation	1
EFTA - Morocco	01 December 1999	Investment	1
EFTA - Peru	01 July 2011	Government Procurement	2
EFTA - SACU	01 May 2008	Investment	1
EFTA - Serbia	01 October 2010	Customs and trade facilitation	1
EFTA - Singapore	01 January 2003	Investment	1
EFTA - Ukraine	01 June 2012	Government Procurement	1

<b>Regional Trade Agreement</b>	<b>Date of entry into force</b>	<b>Chapter(s) with MSME reference(s)</b>	<b>Number of references</b>
El Salvador - Ecuador	16 November 2017	Cooperation Preamble and General Provisions	6
El Salvador- Honduras - Chinese Taipei	01 March 2008	Cooperation	4
EU - Albania	01 December 2006	Cooperation	1
EU - Algeria	01 September 2005	Cooperation	1
EU - Bosnia and Herzegovina	11 July 2008	Cooperation	1
EU - Cameroon	04 August 2014	Cooperation	2
		Customs and trade facilitation	
EU - Canada	21 September 2017	Ecommerce	6
		Government Procurement	
		Investment	
EU - CARIFORUM States EPA	29 December 2008	Cooperation	20
		Investment	
		IP	
		Trade in Services	
EU - Central America	01 August 2013	Cooperation	10
		Government Procurement	
		IP	
EU - Chile	01 February 2003	Cooperation	4
EU - Chile	03 February 2004	Cooperation	4
EU - Colombia and Peru	01 March 2013	Administration of the Agreement	6
		Cooperation	
		Customs and trade facilitation	
		Ecommerce	
		Government Procurement	
EU - Côte d'Ivoire	03 September 2016	Customs and trade facilitation	1
EU - Eastern and Southern Africa States Interim EPA	14 May 2012	Cooperation	6
		Cooperation	
EU - Georgia	01 September 2014	Cooperation	2
		Transparency	
EU - Israel	01 June 2000	Cooperation	1
EU - Japan	01 February 2019	Cooperation	10
		Customs and trade facilitation	
		Ecommerce	
		IP	
		Preamble and General Provisions	
		SMEs	
EU - Jordan	01 May 2002	Cooperation	2

<b>Regional Trade Agreement</b>	<b>Date of entry into force</b>	<b>Chapter(s) with MSME reference(s)</b>	<b>Number of references</b>
EU - Korea, Republic of	01 July 2011	Competition Government Procurement	2
EU - Lebanon	01 March 2003	Cooperation	2
EU - Mexico	01 July 2000	Cooperation	2
EU - Moldova, Republic of	01 September 2014	Cooperation	2
		Customs and trade facilitation	
EU - Morocco	01 March 2000	Cooperation	1
EU – Overseas Countries and Territories (OCT)	01 January 1971	Cooperation	3
		Investment	
		Preamble and General Provisions	
EU - Papua New Guinea / Fiji	20 December 2009	Customs and trade facilitation	2
EU - Republic of North Macedonia	01 June 2001	Cooperation	1
EU - SADC	10 October 2016	Cooperation	5
		Customs and trade facilitation	
EU - San Marino	01 April 2002	Cooperation	1
EU - Serbia	31 May 2010	Cooperation	1
EU - Singapore	21 November 2019	Customs and trade facilitation	1
EU - South Africa	01 January 2000	Cooperation	4
		Trade in goods	
EU - Ukraine	23 April 2014	Cooperation	3
		Customs and trade facilitation	
		Transparency	
EU - United Kingdom	01 January 2021	Customs and trade facilitation	12
		Good Regulatory Practices and Regulatory Cooperation	
		Preamble and General Provisions	
		SMEs	
		Subsidies	
		Transparency	
EU - Viet Nam	01 August 2020	Competition	7
		Cooperation	
		Customs and trade facilitation	
		Government procurement	
		State-owned enterprises	
		Transparency	
EU Treaty (EC Treaty, amended by the Single European Act, the Treaty on European Union, the Treaty of Nice and the European Constitution)	30 March 2010	Competition	3
		Labor	
		Preamble and General Provisions	

<b>Regional Trade Agreement</b>	<b>Date of entry into force</b>	<b>Chapter(s) with MSME reference(s)</b>	<b>Number of references</b>
Eurasian Economic Union (EAEU)	01 January 2015	Cooperation Government Procurement	2
Eurasian Economic Union (EAEU) - Viet Nam	05 October 2016	Government Procurement	1
European Economic Area (EEA)	01 January 1994	Cooperation	2
Guatemala - Chinese Taipei	01 July 2006	Cooperation	3
Gulf Cooperation Council (GCC) - Singapore	01 September 2013	Cooperation	2
		Government Procurement	
Hong Kong, China - Australia	17 January 2020	Administration of the Agreement	4
		Ecommerce	
		Transparency	
Iceland - China	01 July 2014	Customs and trade facilitation	1
India - Japan	01 August 2011	Cooperation	3
		Investment	
India - Malaysia	01 July 2011	Cooperation	1
India - Nepal	27 October 2009	Trade in Goods	1
Indonesia - Australia	05 July 2021	Ecommerce	1
Japan - Australia	15 January 2015	Ecommerce	1
Japan - Indonesia	01 July 2008	Investment	2
Japan - Malaysia	13 July 2006	Cooperation	2
Japan - Mexico	01 April 2005	Cooperation	3
		Government Procurement	
Japan - Mongolia	07 June 2016	Cooperation	2
		Ecommerce	
Japan - Peru	01 March 2012	Cooperation	4
		Government Procurement	
Japan - Philippines	11 December 2008	Cooperation	8
		Investment	
		Trade in Services	
Japan - Singapore	30 November 2002	Preamble and General Provisions	5
		SMEs	
Japan - Thailand	01 November 2007	Cooperation	6
		IP	
		SMEs	
Japan - Viet Nam	01 October 2009	Cooperation	3
Korea, Republic of - Central America	01 October 2019	Cooperation	3
		Ecommerce	
Korea, Republic of - Chile	01 April 2004	Government Procurement	1
Korea, Republic of - Colombia	15 July 2016	Cooperation	6
		Government Procurement	

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Korea, Republic of - India	01 January 2010	Cooperation	3
		Investment	
		Trade in Services	
Korea, Republic of - New Zealand	20 December 2015	Government Procurement	2
Korea, Republic of - Singapore	02 March 2006	Government Procurement	1
Korea, Republic of - United States	15 March 2012	Cooperation	3
		Government Procurement	
Korea, Republic of - Viet Nam	20 December 2015	Cooperation	2
		Ecommerce	
Latin American Integration Association (LAIA)	18 March 1981	Cooperation	6
		Customs and trade facilitation	
Malaysia - Australia	01 January 2013	Cooperation	1
Mexico - Central America	01 September 2012	IP	1
Mexico - Panama	01 July 2015	Ecommerce	3
		Trade in services	
New Zealand - Malaysia	01 August 2010	Cooperation	1
New Zealand - Singapore	15 November 2018	Ecommerce	2
		Investment	
Nicaragua - Chinese Taipei	01 January 2008	Ecommerce	1
Pacific Alliance	01 May 2016	Ecommerce	5
		Government Procurement	
Pakistan - China	18 January 2008	Investment	1
Panama - Peru	01 May 2012	Administration of the Agreement	4
		Government Procurement	
		Government Procurement	
		IP	
Panama - Singapore	24 July 2006	Cooperation	3
		Ecommerce	
		Government Procurement	
Peru - Australia	11 February 2020	Administration of the Agreement	15
		Competition	
		Cooperation	
		Customs and trade facilitation	
		Government Procurement	
		Regulatory Coherence	
		SMEs	
Peru - Chile	01 March 2009	Customs and trade facilitation	1
Peru - China	01 March 2010	Cooperation	3
		Trade in Services	



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Peru - Honduras	01 January 2017	Administration of the Agreement	6
		Government Procurement	
		IP	
Peru - Singapore	01 August 2009	Government Procurement	2
		Trade in Services	
Singapore - Australia	28 July 2003	Government Procurement	1
Singapore - Chinese Taipei	19 April 2014	Ecommerce	1
South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA)	01 January 1981	Cooperation	1
Southern African Customs Union (SACU)	15 July 2004	Investment	1
Southern Common Market (MERCOSUR) - Egypt	01 September 2017	Investment	1
Southern Common Market (MERCOSUR) - Israel	23 December 2009	Cooperation	1
Switzerland - China	01 July 2014	Customs and trade facilitation	1
Thailand - Australia	01 January 2005	IP	2
		Trade in Services	
Thailand - New Zealand	01 July 2005	Investment	1
Trans-Pacific Strategic Economic Partnership	28 May 2006	Cooperation	1
Turkey - Chile	01 March 2011	Cooperation	1
Turkey - Jordan		Cooperation	1
Turkey - Malaysia	01 August 2015	Cooperation	2
Turkey - Palestinian Authority	01 June 2005	Cooperation	1
Turkey - Singapore	01 October 2017	Customs and trade facilitation	3
		Ecommerce	
Turkey - Syria	01 January 2007	Cooperation	1
Turkey - Tunisia	01 July 2005	Cooperation	1
United Kingdom - Canada	01 January 2021	See "EU - Canada" for referenced language.	2
United Kingdom - CARIFORUM States	01 January 2021	Agriculture and fisheries	9
		Cooperation	
		IP	
		Preamble and General Provisions	
United Kingdom - Central America	01 January 2021	See "EU - Central America" for referenced language.	1
United Kingdom - Chile	01 January 2021	See "EU - Chile" for referenced language.	1
United Kingdom - Colombia	01 January 2021	See "EU - Colombia and Peru" for referenced language.	1
United Kingdom - Côte d'Ivoire	01 January 2021	Customs and trade facilitation	1
United Kingdom - Eastern and Southern Africa States	01 January 2021	Agriculture and fisheries	6
		Development	

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United Kingdom - Ecuador and Peru	01 January 2021	See "EU - Colombia and Peru" for referenced language.	1
United Kingdom - Egypt	01 January 2021	See "EU - Egypt"	1
United Kingdom - Georgia	01 January 2021	Industrial policy	2
		Transparency	
United Kingdom - Ghana	05 March 2021	Customs and trade facilitation	1
United Kingdom - Iceland, Liechtenstein and Norway	01 December 2021	Digital Trade	9
		Government Procurement	
		SMEs	
		Trade in Goods	
United Kingdom - Israel	01 January 2021	See "EU - Israel" for referenced language.	1
United Kingdom - Japan	01 January 2021	Cooperation	12
		Customs and trade facilitation	
		Ecommerce	
		IP	
		Preamble and General Provisions	
		SMEs	
		Trade in services	
		Transparency	
United Kingdom - Kenya	01 January 2021	Cooperation	7
United Kingdom - Korea, Republic of	01 January 2021	See "EU - Korea, Republic of" for referenced language.	1
United Kingdom - Kosovo	01 January 2021	See "Central European Free Trade Agreement"	1
United Kingdom - Lebanon	01 January 2021	See "EU - Lebanon" for referenced language.	1
United Kingdom - Mexico	01 June 2021	See "EU - Mexico" for referenced language	1
United Kingdom - Morocco	01 January 2021	See "EU - Morocco" for referenced language.	1
United Kingdom - North Macedonia	01 January 2021	See "EU - Republic of North Macedonia" for referenced language.	1
United Kingdom - Palestinian Authority	01 January 2021	See "EU - Palestinian Authority"	1
United Kingdom - SACU and Mozambique	01 January 2021	Cooperation	2
		Customs and trade facilitation	
United Kingdom - Singapore	01 January 2021	See "EU - Singapore" for referenced language.	1
United Kingdom - Switzerland - Liechtenstein	01 January 2021	See "EU - Switzerland - Liechtenstein"	1
United Kingdom - Tunisia	01 January 2021	See "EU - Tunisia"	1
United Kingdom - Turkey	01 January 2021	Customs and trade facilitation	3
			3
United Kingdom - Ukraine	01 January 2021	Customs and trade facilitation	3
		Industrial policy	3

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United Kingdom - Viet Nam	01 January 2021	See "EU - Viet Nam" for referenced language.	1
United States-Mexico-Canada Agreement (USMCA/CUSMA/T-MEC)	01 July 2020	Competition	16
		Digital Trade	
		Government Procurement	
		Preamble and General Provisions	
		SMEs	
		Trade in services	
US - Australia	01 January 2005	Government Procurement	3
		Investment	
US - Bahrain	01 August 2006	Government Procurement	2
		Trade in Services	
US - Chile	01 January 2004	Ecommerce	8
		Environment	
		Government Procurement	
		Investment	
		Labor	
		Trade in Services	
US - Colombia	15 May 2012	Administration of the Agreement	3
		Cooperation	
		Government Procurement	
US - Jordan	17 December 2001	Trade in Services	1
US - Morocco	01 January 2006	Trade in Services	4
US - Oman	01 January 2009	Government Procurement	3
		Investment	
US - Panama	31 October 2012	Ecommerce	5
		Government Procurement	
US - Peru	01 February 2009	Administration of the Agreement	7
		Government Procurement	
		Investment	
		Labor	
		Trade in Services	
US - Singapore	01 January 2004	Investment	1