MESSAGE FROM THE COOORDINATOR

Since my last message to you in the 2022 Summer Newsletter, the Group has celebrated MSME Day, awarded four new Small Business Champions, and met twice to explore future work objectives. A big thank-you to all who participated in this year’s championship, we received almost 90 proposals and it was inspiring to see the ideas put forward to support MSME decarbonization.

Reflecting on the way forward for the Group after MC12, members have proposed various topics for dedicated information sessions and the idea of "compendiums" of good practices. Topics for future work include MSME provisions in regional trade agreements, rural MSMEs, sustainability, cross-border paperless trade, low-value shipments, and applying gender perspectives to MSME trade recommendations.

These are just some of the ideas that have been suggested within the Group and I want to encourage direct engagement by you, our readers, to help shape our agenda. The Group has various ideas about how to support MSME trade, but nothing can replace hearing what the challenges are from traders themselves. We now have a new document symbol (INF/MSME/P) that can allow you to submit a document directly to the MSME Group and we look forward to hearing from you.

Thank you all for your continued support and engagement. Ambassador Jose Luis Cancela, Uruguay

Upcoming MSME Group meetings in 2023:
- 8 February
- 16 March
- 27 June (MSME Day)
- 28 June
- 12 October
- 7 December

The regularly updated calendar is available [here](#).

How to submit proposals to the MSME Group

The MSME Group always welcomes direct communication with the private sector to understand the real-world issues businesses face and how trade policy can help. Following from the excellent suggestions the Group received in February during its annual meetings with the private sector, there is now a new, official WTO document symbol (INF/MSME/P/*) where you can submit proposals directly to the Group. So far proposals have been received from Africa Women in Trade ([INF/MSME/P/1](#)), the Global Express Association ([INF/MSME/P/2](#) and [INF/MSME/P/3](#)), and the Asian Trade Centre Foundation ([INF/MSME/P/4](#)).

If you would like to submit a proposal or position paper, please contact the MSME Group Secretariat directly ([contact](#)).
2. TRADE4MSMES WEBSITE UPDATES

The Trade4MSMEs website continues to be updated and new guides for MSMEs and policymakers are now available in English, French and Spanish (see table below to check them out). Looking towards long term sustainability and improvements, a strategic partnership has been established with the UK Institute of Export and International Trade (IOE&IT). Outreach for the website also continues and upcoming webinars will be listed on the Trade4MSMEs homepage for all those interested in joining.

You can also reach out about the website at any time either by using the "contact us" link on the website or directly at Trade4MSMEs@wto.org.

3. WTO PUBLIC FORUM `22: DIGITAL PLATFORMS FOR INCLUSIVE GROWTH

For the 2022 WTO Public Forum, the WTO MSME Group, the Permanent Mission of Mexico to the WTO and the International Trade Centre (ITC) jointly organized a session dedicated to exploring how digital tools can be leveraged to connect MSMEs with global markets. Mexican Ambassador Angel Villalobos moderated a panel bringing together the ITC Executive Director Pamela Coke-Hamilton, Uruguay Ambassador and MSME Group Coordinator Jose-Luis Cancela, Google Head of APAC Trade Policy Eunice Huang and Africa Women in Trade Founder Joy Zenz. The session comprised an interactive discussion exploring key challenges MSMEs face to trade and what online tools are out there to assist them.

From the ITC, Pamela Coke-Hamilton highlighted SheTrades, connecting over 40,000 women-owned businesses to market and sell products as well as linking buyers to sustainable products and services offered by female entrepreneurs. Going digital has also been key for MSMEs and the ITC noted its ecomConnect resource with weekly workshops and matchmaking events as well as dedicated online tools. The ITC, UNCTAD and WTO launched...
the Global Trade Helpdesk in 2020, a tool for market research which recently has added information on logistics pricing.

Ambassador Cancela discussed the Trade4MSMEs web platform. Launched during the COVID pandemic in November 2021, the site is a resource developed by the WTO MSME Informal Working Group for MSMEs and Policymakers. The website links to relevant trade steps and information and serves as a complement to the Global Trade Helpdesk.

Eunice Huang agreed that a lack of information is a key barrier to MSME market entry. While Google search is usually the first port of call when searching for market information or a product to buy, the company has now worked to develop additional tools like Market Finder to streamline this search. Google also highlighted the importance of the many digital tools and markets it provides such as Google Play, which allows MSMEs to export apps; YouTube for instructional videos and information dissemination; and Google Translate to aid in international communication.

Joy Zenz provided an on-the-ground perspective. Founded during the pandemic, Africa Women in Trade used digital technology to establish international connections between women across Europe and in Africa. Social networking and many free tools like email and Google forms are essential to the small traders she supports and she highlighted the need for more digital tools at affordable prices combined with training for their effective use.

The full video-recording of the session is available here.

4. 2022 SMALL BUSINESS CHAMPIONS – WINNERS AND RUNNERS-UP

Two winners, the Association Professionnelle Accompagnements Valeurs Expertises Conseils (A.V.E.C) from Benin and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) as well as two runners-up, Inclusive Trade Ltd. (United Kingdom) and Sidley Austin Emerging Enterprises Pro Bono Program (Global), were announced in a virtual awards ceremony for the 2022 edition of the Small Business Champions "Helping small business transition to a sustainable economy".

"The project supports small businesses working in the manufacturing industry, a rapidly growing sector in Benin. Six hundred industrial processing units, especially representing the small food industries, will be trained and equipped in lowering their CO2 emissions. “ - Youssoufou Daoda Labot, A.V.E.C
These projects were chosen from an excellent pool of almost 90 applications. The project by A.V.E.C titled "Strategy for carbon impact reduction and energy optimization of MSMEs in Benin" will support 600 Beninese businesses through workshops and trainings to define their objectives and decarbonize their operations. TCCIA's project, "Tanzania Go Green" focuses on environmental sustainability and economic development through capacity building workshops and a summit of NGOs, international organizations and MSMEs.

The two projects proposed by the runners-up, Inclusive Trade Ltd. and Sidley Austin Emerging Enterprises Prog Bono Program, were "Global MSMEs Verified for Impact," a self-assessment toolkit for MSMEs to measure and report their sustainability and "Key Legal Issues for Advancing Sustainable Business Practices," a four-part workshop series for MSMEs to unpack the legal issues key to implementing green business practices, scale up sustainably, access green finance and engage in carbon neutral business transactions.

More information about the winners, runners-up and their projects are available here. A video of the awards ceremony can be accessed here.

“Our major goal is enhancing green production for economic development and environmental sustainability. We will highlight best practices that are helping small businesses decarbonize their production and become more sustainable. We are planning a three-day capacity-building workshop in eight regions of Tanzania Mainland with businesses, cooperates, NGOs and international organizations.” - Nebart Mwapwele, TCCIA

5. SECRETARIAT MSME AND TRADE-RELATED RESEARCH

For MSME Day 2022 the WTO Secretariat published three research notes examining different aspects of MSME trade participation.

The first note, Recent Evolution of Developed-Economy MSME Participation in International Trade, updates findings and figures from the 2016 WTO World Trade Report, Levelling the Trading Field for SMEs based on OECD data for developed economies. The note finds that although large firms are still dominant in international trade, MSMEs have gained in importance for both total share of exports and imports.

The second note, Small and Medium Manufacturing Enterprise Trade Participation in Developing Economies similarly updates information from the same World Trade Report using World Bank Enterprise Survey statistics, with a focus on developing economies. Conclusions remained similar to the original report: SMEs in developing economies appear to trade less than their developed economy counterparts and participate more in upstream, less technology-intensive sectors with relatively lower GVC integration.
The third note, Small Business and Climate Change, uses small business survey data from Meta to investigate business perception of decarbonization and its link to trade. Overall, businesses reported awareness regarding the need to adopt decarbonization policies, especially for participation in supply chains, but they face obstacles to implementation including access to information and financial resources.

Beyond the three research notes, the Secretariat also published a regional trade agreement (RTA) literature review at the request of the MSME Group (INF/MSME/W/40). Findings from this research show both positive and negative trade impacts by RTAs on MSMEs. However, most studies are survey-based (i.e., not comprehensive); only review tariff preferences that are applicable to all businesses; and are concentrated in certain geographic locations. Further investigation, especially of MSME-specific provisions, would benefit understanding.

6. PRESENTATIONS TO THE MSME INFORMAL WORKING GROUP

The MSME Group has continued to receive a number of presentations from international and business support organizations on topics including trade facilitation, paperless trade and e-payments. Below are summaries of these various presentations, which are now also accessible on the WTO MSME Group web page.

**IOE&IT – UK-Kenya trade logistics information pipeline (TLIP)**

The UK Institute of Export and International Trade (IOE&IT) presented to the Group on their United Kingdom-Kenya Trade Logistics Information Pipeline (TLIP). By helping to address trade-related challenges such as regulatory complexity, limited information access and burdensome logistics, TLIP aims to facilitate the trade process for exporters, especially for MSMEs. TLIP is a suite of digital solutions around three components. The first is a digital engine designed on distributed ledger technology (DTL) – commonly referred to as blockchain technology. The second is an information engine that supports accessibility and availability of regulatory and market information. The third is a policy and governance engine that assists the sustainability of the digital and information engines. While TLIP is currently undergoing a testing phase, it intends to provide its potential users with a range of benefits including: market exploration and discovery; connectivity and visibility between supply chain actors; tracking and traceability of goods; transparency on commercial and regulatory transactions; trade information infrastructure for virtual integrated border management; and coordinated frameworks for analysis and assessments on non-tariff barriers. TLIP focuses on United Kingdom-Kenya bilateral trade opportunities that can result under their Economic Partnership Agreement, and involves a range of partners playing a role in
trade-related processes, such as importers, exporters, wholesalers, logistics providers, customs authorities, and other key institutions across the public and private sectors.

**IOTA Foundation - How standards increase data flow and benefit everyone**

In a follow-up of the 15 July 2022 presentation by the IOE&IT on the United Kingdom-Kenya Trade Logistics Information Pipeline (TLIP), the IOTA Foundation presented more details on its work with TradeMark East Africa to integrate TLIP into a pilot program. Fundamentally, IOTA noted there is a need for standards harmonization across trade in order to digitalize and automate international trade. Currently, the trade process remains full of paper and by the time a customs official sees these many documents they are removed from the actual supplier by at around three to four levels. Rather than rely on declarations, the IOTA Foundation is working to use blockchain so that each party in the transaction has access to the information and can share data in a trusted way. However, to make this system work, information must be standardized. By doing so, it not only makes automation possible but also reduces the burden of the trade process given that as much as 80 per cent of the information is identical across documents (for example contact information, product, weight etc.). To conclude, the ICC-WTO Standards Toolkit was referenced as a useful starting point to increase standardization.

**ITC - Supporting MSMEs through trade facilitation reforms**

The International Trade Centre (ITC) provided the MSME Group with a presentation on MSMEs and trade facilitation based on their 2018 report Supporting SMEs Through Trade Facilitation Reforms: A Policymaker Toolkit. The Trade Facilitation Agreement (TFA) is especially important for MSMEs whose competitiveness is impacted twice as much as large firms by trade inefficiencies. Within the TFA, the ITC has identified 19 TFA provisions that impact MSMEs most, either positively or negatively, and provided recommendations for how to address reforms bearing a MSME-perspective in mind. Besides the strong recommendation for publishing information in plain language and implementing commonly used solutions like e-payments, the ITC also identified the disproportionately high benefits MSMEs can gain from AEO-status. However, the ITC noted that MSMEs are sometimes prevented from joining AEO programs because of criteria related to volume or frequency of shipments as well as financial requirements, all of which the ITC recommends eliminating. To close, it was underscored that "reforms that work for larger firms might not benefit MSMEs, but reforms that work for MSMEs will also benefit larger firms."
GEA - Low value shipment (LVS) Duty/Tax Collection

The Global Express Association (GEA), an organization representing three of the largest global express carriers i.e., DHL, FedEx and UPS, returned to the MSME Group to present on two proposed low value shipment (LVS) duty/tax collection processes, their common features, and a proposal for a global duty/tax rate repository. As detailed in two documents submitted to the MSME Group (INF/MSME/P/2 and INF/MSME/P/3) and the GEA’s 2021 presentation, two main options are proposed to simplify the duty compliance burden for traders – namely a simplified flat-rate duty for all dutiable imports below a certain de minimis threshold or a simplified classification structure based on plain language with varying taxes/duties attached to these categories. One of the key features of these two systems is their “vendor models” that rely on the seller as the source of information. These two systems would benefit from cross-border cooperation among customs officials given that buyers must pay the duties but vendors hold the information. A global repository, which the GEA suggests that the WTO could hold, might contain information related to national duty/tax rates, the type of simplified duties applied, the value threshold, the commodity list, and the GST/VAT or other tax rates, if applicable. Ultimately, an automated system relying on standardized information would be the most efficient and beneficial to firms of all sizes.

WEF – Cross-border payments for MSMEs in a post-COVID world

The World Economic Forum (WEF) organized an information session on Cross-border payments for MSMEs. In their introductory presentation, the WEF underscored the importance of basic infrastructure and digital payments, especially in the face of a pandemic. Further, the changing digital landscape for MSMEs has highlighted the need for payments to cover new digital services and e-commerce, many of which are linked with MSMEs, but which face challenges ranging from lack of infrastructure or interoperability to cyber-crimes. The WEF closed with four calls to action. The first was for continued investment in basic infrastructure for the digital economy, both physical and regulatory, such as the MLETR guidelines. Second, the WEF called for a commitment to interoperable systems to ensure that payments can be made across borders. Third, the WEF proposed a commitment for international coordination pertaining to innovation and regulations. The final call to action was for a commitment for multi-stakeholder engagement in the design of regulations. All of these are essential for functioning cross-border digital payment systems.
IADB – Payments to advance growth for all

The Inter-American Development Bank (IADB) provided information on the growth of digital payment use in Latin America and noted Brazil as a case study of a leading economy with regards to adoption and use of innovative payment technology. In fact, Brazil adopted a national payment system, PIX, which has allowed over 40 million people to make their first bank transfer in 2020 and far outpaced other economies’ payment system growth. Going further, the IADB described a joint program with the WEF called Payments to Advance Growth for All (PAGA), which was launched in 2021. Key takeaways from PAGA include the need to build good regulatory practices to reduce market barriers and promote innovation; encourage public-private sector collaborations; explore digital trade agreements to secure cross-border digital payments; and facilitate new technology and innovation. Overall, the IADB noted the need for interoperability among payment systems; the importance of ensuring end-to-end payments for businesses just as for individuals; digital identities, consumer protection and cyber security; and review of payment licensing.

Visa – Inclusive trade and cross-border payments

Visa described the changing payment environment and the way that economic digitalization can lead to greater equity and inclusion. For example, women entrepreneurs are increasingly creating "born digital" and "born global" firms, relying on digital sales and exports from initialization of their business. Cross-border payments also go beyond trade and e-commerce, they are tied closely with remittances which continue to increase worldwide. Visa underlined the importance of payment interoperability, but perhaps even more importantly regulatory interoperability between economies’ payments systems. One best practice in this regard that was cited in the presentation was the Singapore-Australia Digital economy Agreement. This model demonstrates how economies can consider digital payment interoperability and standardization to increase secure, functioning payment transactions. Ultimately, to increase access and ensure a more equitable digital economy, focus will need to be turned towards providing citizens with the opportunity to access digital networks; to increase digital skills; and to develop trust in digital systems and products.
7. MSME VOICES

The WTO Informal Working Group on MSMEs believes that direct interaction with MSMEs and organizations focused on MSME support will enrich discussions and help the Group identify issues that deserve consideration at the WTO.

For more information, contact us here.

Deborah Elms, Founder and Executive Director, Asian Trade Centre

A few words about yourself and your interest in the MSME cause.

MSMEs are at the heart of our work at the Asian Trade Centre (ATC) as they are the backbone of every economy in Asia, especially developing and least developed countries. From a policy standpoint, governments may not always take into account the needs of small businesses when crafting trade policies, including those related to digital trade, and MSMEs often lack the resources and time to prepare and respond to any sudden regulatory changes. As a result, MSMEs cannot maximize the socioeconomic benefits afforded by fully engaging in cross-border trade and changing regulations may create unintended additional trade barriers. This is one of the key imperatives behind why I created the Asian Trade Centre to serve as a bridge for stakeholders, particularly smaller businesses, to bring their perspectives in the policy conversations happening around the region.

What are, in your view, the top two or three challenges that MSMEs face when it comes to cyber readiness and global markets?

Access to helpful information and digital opportunities.

On the first point, there are various resources designed for MSMEs which are very much welcomed. The bigger challenge, however, is that most available information is highly technical and lacks real-world examples. It is critical that the language we use is accessible to MSMEs and that we present practical case studies to demonstrate the relevance of why policies matter for small businesses to access new markets.

As for the second point, while digital technologies are enabling MSMEs to become “micro-multinationals,” they also give rise to emerging policies that can constrain the growth of the digital economy. Unlike large firms that are more relatively well-positioned to address such issues, small firms are at higher risk of being left out in an increasingly fragmenting environment, thus limiting their ability to reap the benefits of digital trade.
What two or three tips would you give to MSMEs wishing to access global markets in terms of cyber readiness?

MSMEs need to establish a solid business proposition with a good track record of selling domestically before they sell overseas. Gaining experience in your home market is a good starting point to determine your readiness to expand abroad.

When expanding overseas, small business owners need to think hard about which markets they wish to enter and look at whether their offering would be desirable. They should perhaps start with selecting smaller, less competitive markets or those that are geographically close to them as a test bed before going after larger and much more competitive markets.

Lastly, I strongly encourage small businesses to be part of, and actively engage with, MSME communities. Leaning on to these networks provides a wealth of resources and a support system to help small businesses navigate international markets from others who have already tried.

What advice would you give to national policy makers wishing to support MSMEs’ cyber readiness for participation in international trade?

Go out there and talk to them. Contrary to what most people think, this is not an easy task as it requires a great deal of time and effort. Small businesses can be quite reluctant to spare limited capacity on answering questions, particularly as every minute spent on ancillary tasks is a lost opportunity cost for them. When resources are tight, time matters a lot.

Hence, it’s crucial that policymakers ask the right questions. Broadly asking “what policy challenges do you encounter?” does not yield that much useful feedback. Ask instead, “what challenges have you faced this month?”

Trade policy is important, but it is not the only issue of concern for smaller firms. Sometimes, MSMEs just need to do a better job of being in business, and many of these fundamental challenges (e.g. unclear understanding of particular regulations, access to the right forms to fill out) are not likely to be sorted by hard policy matters but are part of the practical day-to-day issues they face.

These realities in turn could help policymakers shape capacity-building tools tailored to their specific needs and priorities to support their greater participation in international trade.

If you had to mention one example of a successful program or initiative to support MSMEs’ cyber readiness and participation in international trade, what would it be?

The Asia Women Exporters Mentorship Program is one of our flagship capacity-building initiatives, through the ATC Foundation and in partnership with The UPS Foundation, to support women-owned MSMEs in developing
countries across the region. We were delighted to see the positive results of our initiative, such as the market expansion of our she-preneurs across and beyond the region, their increased use of free trade agreements to save costs, and improved digital skills like online marketing to better promote their goods to a wider audience. We are happy to share that we are currently running the second iteration of this program to support more women-owned MSMEs and are receiving substantial interest from government partners to design similar country/region-specific or sector-targeted programs.

_How, in your view, can the WTO Informal Working Group on MSMEs help firms be more cyber ready and access international markets?_ 

Collaboration is key for any policies, measures, and efforts that will truly support small firms to go global. The WTO Informal Working Group on MSMEs can start by directly engaging with different MSME associations that have collective expertise in representing the voice of small businesses. Diplomatic missions in Geneva can support the work of the Informal Working Group by leveraging their networks back home in reaching out to the right MSME communities. Likewise, it is crucial for such interactions to create an environment where small firms, through their MSME associations, will be encouraged to directly interact with the Informal Working Group and share their experiences and expertise as part of the multi-stakeholder trade discussions.

**WHY AN INFORMAL WORKING GROUP FOR MSMEs?**

The MSME Informal Working Group is a coalition of 94 WTO Members of varied levels of development and all regions of the world that share an interest in improving access to global markets for Micro, Small and Medium-Sized enterprises (MSMEs). Today, 95 per cent of companies across the globe are MSMEs. Although MSMEs account for 60 per cent of the world’s total employment and comprise anywhere from 80-99 per cent of a country’s registered firms they remain underrepresented, and face a large number of obstacles when seeking to participate in international trade. When MSMEs successfully access international markets, they can act as a catalyst for better distribution of the gains from trade to all sections of the economy. The MSME Informal Working Group aspires to ensure that the multilateral system enables these economic benefits through better inclusion of MSMEs in global commerce.

**THE ROAD TO BUENOS AIRES 2017**

The Informal Working Group on MSMEs was created at the 2017 Buenos Aires Ministerial Conference by a Joint Statement. The road to the Buenos Aires Joint Statement began with a proposal by the Philippines in 2015, which identified...
MSMEs as a dynamic sector and suggested that “the General Council shall consider the most appropriate arrangement to facilitate discussions”.

In July 2016, Brunei Darussalam, Lao PDR, Malaysia, the Philippines, Singapore and Thailand reported on a workshop held in June that year titled “Enhancing the Participation of Micro, Small and Medium Enterprises (MSMEs)” that aimed at enhancing awareness of the role that MSMEs have in international trade. In May 2017 at the General Council, a group of 47 Members (counting EU member states individually) effectively launched an Informal Dialogue on MSMEs chaired by H.E. Mr Héctor Casanueva of Chile.

In June 2017, Argentina, Brazil, Paraguay and Uruguay submitted a proposal for the development of a work programme that would cover areas such as information and transparency, trade facilitation, e-commerce and trade finance.

Several workshops were organized in the run-up to MC11 to emphasize to Members the importance of having a specific forum to discuss MSMEs at the WTO, including a workshop on regional and national experiences in October 2017. A draft ministerial declaration was circulated prior to MC11 (click here).

WHAT IS THE MSME INFORMAL WORKING GROUP?

In their 2017 Joint Statement establishing the Group, Members committed to discuss and identify “horizontal and non-discriminatory solutions” to improve the participation of MSMEs in international trade. The Group seeks to develop solutions that would apply to all companies (but would benefit MSMEs the most) while taking into account the specific needs of developing countries. Members of the Group exchange information on a voluntarily basis, which benefit both MSMEs and policymakers.

Coordinator: H.E. Mr José Luis Cancela of Uruguay (Since January 2018)

Previous Chair: H.E. Mr Hector Casanueva of Chile (June 2017-January 2018)

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

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