



LITERATURE REVIEW

**REGIONAL TRADE
AGREEMENT
EFFECTS ON MSME
TRADE**



INF/MSME/W/40

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1. To what extent do MSMEs use RTA provisions?



Firm-level survey studies are not MSME-specific

Specific regions and sectors

Mostly measure use of tariff provisions in RTAs

RTA use by firms ranged between 20-45% of surveyed businesses.

2. What factors support MSME RTA use?



Awareness of RTA provisions

Public trade support institutions that assist businesses with information or to adjust to RTA conditions.

Links to regional and international networks

Business perceptions of benefit to cost of using RTA provisions

Higher technological capacity (including R&D spending and holding a licence from abroad)

Business ownership type and capital ownership structure

3. What challenges do MSMEs face when using RTA provisions?



Lack of knowledge

Access to information

Complex rules of origin

Time delays in preparing RTA-related documentation

Cost

Smaller firms are less likely to use RTAs because:
They have relatively higher costs
The compliance costs outweigh the tariff benefits for small shipments

4. Research gaps for RTA effects on MSMEs



Not MSME-specific

Focus on tariff-preference use rather than other MSME-specific chapters or provisions

Geographic concentration of studies in East Asia and the Pacific (need for more diversity of regional studies)

Few “post” implementation government impact assessments



Conclusion

Literature suggests benefits and
negative effects

Need for more studies on small
businesses and MSME-specific RTA
language

