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**INFORMAL WORKING GROUP ON MSMEs
FOURTH OPEN-ENDED MEETING
TRADE FACILITATION FOR MSMEs: KEY TAKEAWAYS AND NEXT STEPS***

The following communication, dated 2 July 2018, is being circulated at the request of the delegations of Pakistan and Uruguay.

The session was convened on 27 June 2018 by H.E. Dr. Syed Tauqir Shah, Ambassador of Pakistan, co-coordinator of the Informal Working Group on MSMEs and organizer of this thematic session, and H.E. Mr José Luis Cancela, Ambassador of Uruguay and General Coordinator of the Informal Working Group on MSMEs.

1 REMARKS BY SPEAKERS

1.1. In his opening remarks, Director-General Roberto Azevêdo welcomed the Group's focus on trade facilitation and highlighted how implementation of the WTO's Trade Facilitation Agreement can increase small business participation in global markets. He recalled the Trade Dialogues that took place in early June at the WTO and the strong desire from business to keep the conversation going.

1.2. Ms Isabelle Durant, Deputy Secretary-General of UNCTAD, next talked about UNCTAD's programs designed to help MSMEs participate in global markets, including UNCTAD's business linkage program - a multi-stakeholder initiative that collectively designs and implements measures between suppliers and contractors enabling technology diffusion and market entry; UNCTAD's entrepreneurship program to help governments develop national entrepreneurship programs; UNCTAD's trade portals; and capacity building activities. Ms Durant noted that infrastructure and trade facilitation go hand in hand.

1.3. Ms Marion Jansen, Chief Economist of ITC then presented the main findings from various ITC studies, in particular the SME Competitiveness Outlook. Besides the general call by MSMEs for greater access to information on trade clearance procedures and export opportunities, Ms Jansen noted the regulatory burden for MSMEs and the importance of certification to signal credibility. MSMEs need standards and regulations to establish consumer trust; however the costs of compliance as a share of MSME revenues are much larger than for large firms.

1.4. Mr Hans Kersten, Director-General of the International Federation of Freight Forwarders Associations (FIATA), an association of approximately 50,000 international freight forwarding companies across 150 countries, many of which are MSMEs, next presented on FIATA's members' challenges. Mr Kersten confirmed that MSMEs need standards to create confidence, but he highlighted they have little influence on their creation. Given that fixed costs are higher for MSMEs, Mr Kersten recommended streamlining national requirements by reviewing potentially unnecessary documents, providing digital tools for trade procedures, and considering implementing processes for expedited shipments. Mr Kersten underscored his support for an increased and harmonized international *de minimis* standard.

1.5. Mr Ouyang Cheng, Executive Senior Expert at the Alibaba Group, followed with a presentation on the ways technology, especially digital trading platforms, have facilitated MSMEs trade. Mr. Ouyang stressed the importance of infrastructure. Beyond trade-platform technology, Mr Ouyang

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also described Chinese providers of integrated Export/Import services as well as a Chinese single-window initiative to simplify the trading process.

1.6. The last presentation was by Ms Lisa McAuley, CEO of the Global Trade Professionals Alliance (GTPA), an organization dedicated to developing a global certification programme for trade professionals and to identifying the skills needed and challenges faced by businesses, particularly MSMEs, when participating in international trade. Ms McAuley presented two concrete situations to illustrate the difficulties that MSMEs face when navigating the complexity of import/export procedures. Ms McAuley also highlighted the importance to develop international trade certification of individuals and businesses as most MSMEs lack general management competencies as well as a trusted network on which they can rely for third party advice when expanding internationally. She further underscored the need to harmonize import/export documentation requirements across countries and highlighted the potential gains and pitfalls of digitizing documentation. She noted that technology developments such as blockchain may help.

2 DISCUSSION

2.1. Some Members provided examples from their national experiences of the benefits from improving access to information through single windows, certificates of origin, authorized economic operators and others. Ms McAuley referred to the work being done in Singapore where they have integrated commercial entities, including the banking sector and shipping lines, into their single window as a good example of integrated portals.

2.2. Some Members expressed the wish to look deeper into certain issues, in particular:

- a. How to streamline/standardize import and export documents, including certificates of origin?
- b. The relationship between trade facilitation and access to logistics services: how to provide more logistics services to MSMEs, including within the TFA framework?
- c. The question of the *de minimis* level.

3 NEXT STEPS

3.1. It was suggested that a follow-up session on the same issue be organized at a later date.
