



INFORMAL WORKING GROUP ON MSMEs*

2018 ANNUAL REPORT

1 INTRODUCTION

1.1. On 13 December 2017, at the 11th Ministerial Conference (MC11), 88 WTO Members representing all major regions and levels of development established the Informal Working Group on MSMEs (WT/MIN(17)/58/Rev.1).¹ In their Joint Statement, the "Friends of MSMEs" committed to discuss and identify "horizontal and non-discriminatory solutions" to improve the participation of MSMEs in international trade while taking into account the specific needs of developing countries.

1.2. This report describes the activities of the Group since the 11th Ministerial Conference in December 2017.

2 MEETINGS HELD BY THE MSME INFORMAL WORKING GROUP SINCE THE 11TH SESSION OF THE MINISTERIAL CONFERENCE

2.1. The Group held two Group meetings on 30 January and 28 February 2018 to plan the year ahead followed by 5 open-ended thematic meetings on 27 March, 22 May, 8 June, 27 June, and 31 October 2018. It also organized a session during the Public Forum on 3 October 2018.

2.2. The first meeting was convened by H.E. Mr Hector Casanueva of Chile and focused on organizational matters. Speaking at the invitation of the Friends of MSMEs, Director-General Roberto Azevêdo said that the launch of the Informal Working Group on MSMEs was one of the highlights of the Ministerial Conference in Buenos Aires.² H.E. Mr Hector Casanueva informed the Group of his impending departure and proposed the appointment of a coordination committee to guide future MSME work. H.E. Mr José Luís Cancela Gómez of Uruguay was appointed main coordinator of the Group in replacement of H.E. Mr Hector Casanueva.

2.3. At the 28 February 2018 meeting – convened by H.E. Mr José Luís Cancela Gómez – the Group formally appointed a Coordinating Committee composed of eight co-coordinators: Bahrain; Côte d'Ivoire; El Salvador; Hong-Kong, China; Nigeria; Pakistan; the Philippines; and Switzerland. The Group discussed a draft roadmap of activities for 2018. It was agreed that the Group would hold a series of thematic, open-ended discussions on issues identified in the Joint Ministerial Statement with a view to developing concrete outcomes and proposals by the end of the year.

2.4. On 27 March 2018, Switzerland hosted a meeting where Members discussed the importance of adequate access to information to enable MSME's success in global markets (see document

* This document was originally circulated as JOB/GC/207 dated 3 December 2018.

¹ Members of the Informal Working Group on MSMEs are: Afghanistan; Albania; Antigua and Barbuda; Argentina; Australia; the Kingdom of Bahrain; Belize; Brazil; Brunei Darussalam; Canada; Chile; China; Colombia; Costa Rica; Côte d'Ivoire; Dominica; the Dominican Republic; Ecuador; El Salvador; European Union and its 28 Member States; Grenada; Guatemala; Guyana; Honduras; Hong Kong, China; Iceland; Israel; Japan; Kazakhstan; Kenya; the Republic of Korea; Kyrgyz Republic; Lao PDR; Liechtenstein; Malaysia; Mexico; the Republic of Moldova; Montenegro; Myanmar; New Zealand; Nicaragua; Nigeria; Norway; Pakistan; Panama; Paraguay; Peru; Philippines; Qatar; Russian Federation; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Singapore; Switzerland; Chinese Taipei; the former Yugoslav Republic of Macedonia; Turkey; Uruguay and Viet Nam.

² See https://www.wto.org/english/news_e/spra_e/spra210_e.htm.

JOB/GC/183/Rev.1 for a summary of discussions and key take-aways). In his opening remarks, Undersecretary Ceferino S. Rodolfo, Philippines' Vice-Minister for Trade and Industry, noted that many small companies struggle in accessing international markets. They often rely on national and regional information portals to export. However, these efforts have their limits and a broader initiative at the multilateral level could be an effective solution. Deputy Director-General Allan Wolff stressed the importance of: reaching out to different Ministries that have an interest in raising awareness for the MSME initiative – these will be able to contribute ideas and practical guidance; reaching out to national legislators, to small business committees, to the press and to social media to raise awareness about the MSME initiative; promoting experience sharing and best practices; helping improve the tool by providing feedback on a regular basis; and establishing institutional links with key organizations that work on issues that matter to MSMEs, such as standards setting organizations. Ms Dorothy Tembo, Deputy Executive Director of the International Trade Center (ITC), stated that trade information is essential to the ways that businesses trade, particularly the smaller size companies, and that information makes all the difference between going global and not. Members were presented with an access to information platform called the Global Trade Helpdesk (www.helpmetrade.org) – a joint ITC-UNCTAD-WTO project. Discussions focused on the need for MSMEs to be informed in their own language, on the responsibility of governments to inform MSMEs of such initiatives, and on the importance of establishing national contact points to provide policy updates and help collect information. The Group issued a call for action to invite WTO Members to support the Global Trade Helpdesk (JOB/GC/184).

2.5. A follow-up session on Access to Information was hosted by Switzerland on 22 May 2018 to clarify details involving the Global Trade Helpdesk (GTH) (see document JOB/GC/191 for a summary of discussions and key take-aways). The ITC updated the Group on the latest developments in the GTH project. Members discussed concrete actions they could take to support the project, including the distribution of a country survey to map information sources and the establishment of national contact points to allow the managers of the GTH to more easily interact with the national authorities that detain relevant information. Regarding the institution of national contact points, various approaches were discussed ranging from leveraging already existing contact points, such as those established under the TFA, to creating brand new structures. A second presentation focused on the ePing SPS/TBT notification alert system. A discussion followed on how to improve notification processes at the WTO.

2.6. On 8 June 2018, Côte d'Ivoire hosted a meeting on access to trade finance issues for MSMEs (see document JOB/GC/192 for a summary of discussions and key take-aways). Speakers included H.E. Mr Mohammad Qurban Haqjo, Ambassador of Afghanistan and Chair of the Working Group on Trade, Debt and Finance (WGTFD); Mr Yaya Ouattara from the ITC; Ms Hang Tran of the Enhanced Integrated Framework (EIF); and Mr Gerard Hartsink, Chairman of the Global Legal Identifier Foundation (GLEIF). H.E. Mr Mohammad Qurban Haqjo reported on the outcome of the morning meeting of the WGTFD, as well as on recent discussions by the Expert Group on trade finance. Amb. Qurban Haqjo described the general discussion of the WGTFD, which included the subject of the persistent trade finance gaps for MSMEs, especially in developing countries. Mr Yaya Ouattara from the ITC presented work the ITC has undertaken to support both demand- and supply-side MSME trade finance. Ms Hang Tran of the EIF spoke to how the EIF looks at LDC access to trade finance, and Mr Hartsink explained how a Legal Entity Identifier (LEI) – a 20-digit alpha-numeric code – is used for identifying businesses involved in international financial transactions and how such identification is especially important for MSMEs. Several Members then shared their national experiences on MSME access to trade finance. Members also expressed an interest in mapping national and regional programmes in place to support MSMEs' access to trade finance and of continuing the discussion on the question of company identification measures, such as LEI.

2.7. On world MSME day (27 June), Pakistan hosted a meeting on trade costs and trade facilitation issues affecting MSMEs (see document JOB/GC/193 for a summary of discussions and key take-aways). Director-General Roberto Azevêdo welcomed the Group's focus on trade facilitation and highlighted how the implementation of the WTO's Trade Facilitation Agreement can increase small business participation in global markets.³ Other speakers included Ms Isabelle Durant, Deputy Secretary-General of UNCTAD; Ms Marion Jansen, Chief Economist of the ITC; Mr Hans Kersten, Director-General of the International Federation of Freight Forwarders Associations (FIATA); Mr Ouyang Cheng, Executive Senior Expert at the Ali Baba Group; and Ms Lisa McAuley, CEO of the Global Trade Professionals Alliance. Members expressed interest in further examining how to

³ See https://www.wto.org/english/news_e/spra_e/spra227_e.htm.

standardize import and export documents, including certificates of origin. There was also interest in further studying the relationship between trade facilitation and logistics services. Finally, the issue of a *de minimis* threshold under which imports would be exempt from customs duties was identified as another subject for further consideration.

2.8. On 3 October 2018, El Salvador and the Philippines jointly organised a working session during the Public Forum entitled "Enabling Global MSMEs: How technical assistance and capacity building initiatives could take into account the trade needs and challenges of MSMEs?". Speakers included: Ms Karolina Anda Berney, Manager, Emerging Enterprises Pro Bono Program, Sidley Austin LLP; Ms Harriet Lamb, CEO International Alert; Ms Ileana Rogel, President, CONAMYPE; and Ms Cattleya Romero-Faude, Founder and Managing Director, SAGANÀ Association. The session was moderated by H.E. Mr Manuel Teehankee, Ambassador, Permanent Mission of Philippines to WTO. Discussions focused on legal compliance difficulties faced by MSMEs, from investment to certifications; access to capital and trade finance, a particularly important issue for MSMEs that face large price fluctuations or non-smooth income patterns; access to information on technical regulations in host countries; and psychological barriers that deter MSMEs from joining international markets including fear of IPR theft. It was noted that in order to help MSMEs go global, technical assistance and capacity building should focus on three areas: i) Access to Information; ii) Access to Finance; and iii) Access to Markets (see document JOB/GC/205 and https://www.wto.org/english/forums_e/public_forum18_e/rep_38.pdf for a summary of discussions and key take-aways).

2.9. The last thematic session of the year took place on 31 October 2018 and focused on the internet as a tool to access global markets (see document JOB/GC/206 for a summary of discussions and key take-aways). Ms Emmanuelle Ganne of the WTO gave a presentation on the key findings of the World Trade Report 2018, Ms Cécile Barayre of UNCTAD presented findings from their Rapid eTrade Readiness Assessment of Least developed countries (eT Ready), and Ms Kimberley Botwright of the WEF discussed work it is currently engaged in to facilitate global e-commerce. Members suggested mapping the various national policies and programmes already in place to address the wide range of challenges they face regarding MSME digital readiness depending on Members' level of development, available infrastructure, business norms and knowledge capital. Members were also invited to put forward concrete proposals with regards to the internet as a tool for MSMEs so that a clear work programme can be developed.

2.10. A wrap-up meeting was organized on 30 November 2018 to discuss the organization of work for 2019. At that meeting, H.E. Mr José Luís Cancela Gómez welcomed Armenia as 89th member of the Group.

3 OTHER ACTIVITIES

3.1. A MSME webpage, accessible to Members only, was developed. The webpage provides information on activities of the Group, with links to key documents, including convening notices, powerpoint presentations made during meetings, and summary documents. It also provides background information on the creation of the Group.

3.2. A Newsletter was developed as a tool to help the Group reach out to key stakeholders. The first edition of the Newsletter was circulated in early October 2018. The Newsletter will be published on a quarterly basis.

3.3. On 7 June 2018, H.E. Mr José Luís Cancela Gómez was invited to participate, in his capacity as main coordinator of the Group, in the MSME discussions organized in the context of the WTO Trade dialogues with senior business representatives.

4 CONCLUSION

4.1. The Informal Working Group adopted the present Annual Report (2018) at its 30 November 2018 plenary session.
