



## INFORMAL WORKING GROUP ON MSMEs

### OPEN-ENDED REGULAR MEETING OF 22 FEBRUARY 2019

#### *Summary of discussions*

The following communication, dated 26 March 2019, is being circulated at the request of the delegation of Uruguay.

The Informal Working Group (IWG) on MSMEs held its first open-ended regular meeting of the year on 22 February 2019. The meeting was chaired by Ambassador Cancela of Uruguay, General Coordinator of the MSME Informal Working Group, who was reappointed in November 2018 for another year.

The meeting followed the new standing agenda the Group adopted in November 2018, starting with a discussion of work under various clusters, followed by outreach activities and finishing with updates on MSME-related discussions in other parts of the WTO. A total of 58 delegations<sup>1</sup> attended the meeting, including seven non-members (Egypt; Haiti; Jamaica; Mauritius; Tajikistan; United States of America; and Yemen).

## 1 THEMATIC WORK

### 1.1 Transparency cluster

#### 1.1.1 Access to information: Global Trade Helpdesk

1.1. Switzerland, who is coordinating interaction of the IWG with the ITC on the Global Trade Helpdesk (GTH), briefed the Group on latest developments regarding the GTH and efforts undertaken to enhance the coverage of the GTH, in particular through the country survey that was sent to Members prior to the meeting. Switzerland strongly encouraged Members to fill the survey by the end of March deadline.

1.2. Mr Mondher Mimouni of the ITC updated Members on their efforts to: (1) expand the network of partner institutions to enhance data coverage. Partnerships are already established with the African Development Bank, the Inter-American Development Bank, the World Bank and the World Customs Organization (WCO), and discussions are on-going with the Food and Agriculture Organization (FAO), the International Chamber of Commerce (ICC), the Organization for Economic Cooperation and development (OECD), and the World Intellectual Property Organization (WIPO); (2) develop an improved version of the mock-up presented in December 2017 to be finalized by

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<sup>1</sup> Argentina; Australia; Austria; Brazil; Brunei Darussalam; Canada; Chile; China; Colombia; Costa Rica; Côte d'Ivoire; Croatia; Denmark; Ecuador; *Egypt*; El Salvador; Estonia; European Union; Finland; France; Germany; Greece; *Haiti*; Honduras; Hong Kong, China; Hungary; Ireland; Italy; *Jamaica*; Japan; Kazakhstan; Korea, Republic of; Lao People's Democratic Republic; Malta; *Mauritius*; Mexico; Montenegro; New Zealand; Norway; Oman; Pakistan; Panama; Paraguay; Peru; Philippines; Romania; Russian Federation; Slovak Republic; Spain; Switzerland; Chinese Taipei; *Tajikistan*; Turkey; United Kingdom; *United States of America*; and *Yemen* (non-MSME Friends are in *italics*).

June 2019. The site will be completed in all six UN languages, with regular updates thereafter; (3) improve data collection; and lastly (4) train national stakeholders on the use of the platform. The first pilot country to receive assistance with coverage by the GTH will be Paraguay. Mr Mimouni also called for additional financial support from members in order to sustain and expand the project. Ms Anna Jankowska-Ericksson presented the country survey sent to members.

1.3. Members expressed strong support for the GTH. Ambassador Cancela agreed to revert this topic at the next meeting and encouraged members to fill the survey by the end of March to help improve the coverage of the GTH.

#### **1.1.2 TPR**

1.4. The Group discussed a proposal by Canada (INF/MSME/W/1/Rev.1), co-sponsored by Brazil, Argentina and Uruguay, on the voluntary inclusion of MSME information in TPR Government reports. The Russian Federation asked to be formally added to the list of co-sponsors. The Group also had, as a basis for discussion, a mapping of MSME-related information in TPR Secretariat Reports prepared by the Secretariat (INF/MSME/W/2).

1.5. Members expressed keen interest in improving MSME coverage in TPRs. Three approaches were discussed, i.e., the submission of information through Government Reports, as part of the initial request for information, or through a stand-alone questionnaire. It was noted that the TPR government report and the secretariat report were not of the same nature - the Secretariat report was factual while the government report was more political, thereby possibly affecting the type of MSME information that would be provided, making these various approaches complementary. Further discussions are needed to agree on the issues to be covered, the approach(es) to be followed, and how such information could be disseminated (through official documents only or also via a database). It was agreed that interested Members would work together under Canada's leadership to develop a checklist of issues that could be covered in TPRs and to discuss the way forward.

#### **1.1.3 Other issues**

1.6. Mexico announced a desire to explore developing a public online tool to consolidate the knowledge acquired by the Group, suggesting that, among other things, such a measure could enhance the WTO's objective to be more inclusive as well as inform future discussions.

1.7. Switzerland expressed an interest in discussing TBT-related transparency issues within the working group, particularly as they relate to publication of final regulatory measures.

1.8. Members were supportive of Mexico's proposal. Ambassador Cancela encouraged interested Members to work with Mexico to develop a fully-fledged proposal by the next meeting of the Group in June, and invited Switzerland to flesh out their proposal regarding TBTs for consideration at the June meeting.

### **1.2 Thematic cluster**

#### **1.2.1 Trade finance**

1.9. Ambassador Cancela recalled that at the June 2018 meeting of the Group, Members had expressed an interest in mapping trade finance programs at the national level to help identify best practices. At the November 2018 wrap-up session, it had been suggested that the Secretariat develop a draft questionnaire to facilitate the collection of information and mapping of trade finance programs. Prior to the open-ended meeting, the draft questionnaire prepared by the Secretariat had been circulated to the Group along with the convening notice for consideration by Members.

1.10. Several Members expressed interest in pursuing this exercise and some took the opportunity of the meeting to share information about their national programs. One Member expressed doubts about how the WTO could add value on this issue and suggested that efforts be channelled through TPRs.

1.11. At the request of Members, interested delegations were invited to fill the questionnaire by the end of May.

### 1.2.2 Other issues

1.12. Ambassador Cancela highlighted other issues that the Group might like to address in the future under the thematic cluster, including trade facilitation, logistics and *de minimis*. With these topics in mind, the Secretariat was invited to prepare a background document that would map MSME-related language in RTAs, as well as an analytical background note on the *de minimis* issue to inform the Group's future work on the topic.

### 1.3 Analytical tools cluster

1.13. Ms Guannan Miao, policy analyst at the OECD, presented the organization's efforts to add firm-size characteristics to the WTO-OECD Trade in Value Added (TiVA) database. Current data remains too aggregated and does not adequately reflect MSMEs' participation in international trade. Ms Miao invited Members to support this work by enhancing the granularity of their national statistics and by working with the OECD to develop national estimates.

### 1.4 Conceptual cluster

1.14. Ambassador Cancela recalled the "Think Small First Principle" referred to in the DIHK paper that was circulated along with the convening notice.

1.15. In this vein, Canada presented its "Small Business Lens" principle – an initiative that requires federal regulators to take into account the needs of small businesses when designing regulations. This principle, introduced in the 1980's, is now applied to all regulatory proposals. Regulators must identify the impact that new legislation may have on small businesses and provide appropriate alternate means of compliance when the regulation might be too burdensome.

1.16. Members expressed an interest in sharing experiences regarding principles similar to the Small Business Lens principle presented by Canada and to examine the relevance of such principles in the context of the WTO – in particular in the context of WTO rules.

## 2 REVIEW OF OUTREACH ACTIVITIES

### 2.1 Outreach to other WTO Members

2.1. Ambassador Cancela briefed members of the Group on his recent outreach efforts, including his participation in a meeting of the LDC group and in a WTO Accessions seminar. He encouraged Members to step up outreach efforts.

### 2.2 Outreach to other organizations

2.2. Ambassador Cancela noted his discussions with the ICC. The ICC offered to host an online platform under the ICC-WTO Trade Dialogues to help the Group reach out to the private sector. Members were invited to think about how such a dialogue could be structured.

2.3. It was also noted that the ICC has invited the Group to participate in the Rio de Janeiro summit of the World Chambers Federation, the SME arm of the ICC, which will take place on 12-14 June.

2.4. Ambassador Cancela also informed the Group that the company Sanaa Consulting had received funds from DFID to support the Joint Initiatives. A first meeting was held on 18 January with some delegations to explore possible projects that Saana consulting could fund. A follow-up meeting will be held on 8 March at the WTO to further define the projects.

2.5. Lastly, Ambassador Cancela noted his intention to reach out to the World SME Forum to explore possible synergies.

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### **3 REVIEW OF MSME-RELATED DISCUSSIONS IN WTO COMMITTEES, WORKING GROUPS AND PROGRAMMES**

3.1. In order to improve coordination across WTO bodies, Ambassador Cancela had invited WTO Chairs to brief the Group on MSME-related discussions in their respective committees. The Chairs of the Working Group on Trade Debt and Finance (WGTDF) and of the TRIPS Council both addressed the Group.

3.2. The WGTDF Chair noted that it is well-understood that MSMEs face particular challenges accessing trade finance, a problem that is especially pressing for LDC Members, while new technologies like blockchain help MSMEs to trade in countries previously rejected by multinational enterprises. The Chair also shared ongoing work progress with the IFC and World Bank Group regarding best practices of trade policies for MSMEs as well as Aid for Trade. He flagged the importance of information sharing between Working Groups in the WTO and invited Members of the MSME IWG to participate in the WGTDF's meetings.

3.3. The Chair of the TRIPS Council highlighted how MSMEs need IP protection, particularly in the digital economy where MSMEs often thrive. In the digital sector, IP can be the most valuable asset for many start-ups, which are typically MSMEs. He invited members of the MSME IWG to attend the 4-5 June session of the TRIPS Council where branding will be discussed, an issue especially relevant to MSMEs.

3.4. Besides formal Committee work, MSME-related discussions under initiatives such as the Aid for Trade (A4T), the Enhanced Integrated Framework (EIF) and the Standards and Trade Development Facility (STDF) were brought to the Group's attention.

3.5. Monitoring and Evaluation of A4T revealed that respondents thought A4T could most benefit MSMEs by improving access to foreign markets, finance and information. Thematic workshops on these topics are being planned for 2019 and early 2020 and Members of the MSME IWG are welcomed to join.

3.6. The EIF noted that a lot of focus has been placed on small business in order to support growth and development. Given that most LDC businesses are MSMEs, most of the EIF's support goes to these firms. The EIF also introduced their recent work with 24 developing partners on promoting MSMEs' participation in access to information and finance, opportunities in government procurement, and finally digitalization and e-commerce.

3.7. The STDF shared their ongoing efforts in promoting safer and more inclusive trade for MSMEs through tackling sanitary and phytosanitary (SPS) gaps. They work directly with MSMEs, or ministries linked to them, with projects related to Good Regulatory Practice (GRP) and Public-Private Partnerships (PPPs).

### **4 OTHER BUSINESS**

4.1. Ambassador Cancela informed the Group that the Romanian delegation to the WTO is planning a workshop on MSMEs and entrepreneurship at the WTO on 16 May.

4.2. Regarding the meeting planned in June, he recalled that 27 June is MSME Day. It was suggested that 27 June be kept for specific "MSME Day activities" and that the regular business meeting take place on 28 June. He also noted that the ITC had approached him to express an interest in launching their SME Competitiveness Outlook at the WTO on MSME Day, i.e., on 27 June. One idea proposed would be to organize joint sessions linked to the work of the IWG immediately following the launch of the ITC Report.

### **5 NEXT STEPS**

5.1. Members were invited to fill the GTH Country Data Sheets by the end of March to help improve the coverage of the GTH.

5.2. Interested Members were also invited to:

- a. Fill the questionnaire on trade finance for MSMEs by the end of May. The Secretariat would then synthesize Members' submissions to map national practices for further discussions.
- b. Work together to develop a checklist or template of MSME issues that could be covered in TPRs and to discuss the channels through which such information could be submitted before the next meeting of the Group.
- c. Work together to develop, before the next meeting of the Group, a fully-fledged proposal for a public WTO MSME information.

5.3. The Secretariat was asked to prepare background notes on MSME-related language in RTAs and on *de minimis*.

5.4. The next regular meeting of the Group will take place on 27-28 June 2019 (with MSME Day sessions on 27 June).

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