ICC SURVEY ON MSMEs AND TRADE

About ICC

The International Chamber of Commerce (ICC) is the world’s largest business organization representing more than 45 million companies in over 100 countries. ICC’s core mission is to make business work for everyone, every day, everywhere.

Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services.

Our members include many of the world’s leading companies, SMEs, business associations and local chambers of commerce.

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About this survey

The purpose of this survey is to inform discussions of the WTO Informal Group on MSMEs. The survey aims to provide quick, at-a-glance feedback on the proposals on the agenda for the 27 November meeting.

This survey was sent for input to National Committees, expert commissions (including the Trade & Investment Commission, comprising 250 trade experts) and a network of small businesses through the World Chambers Federation.

Within one week, 31 responses from 16 countries1 were received, including from 10 national and supra-national chambers of commerce and other peak business organisations.2 This paper shows the results collected as of 26 November 2019. ICC will continue to collect results to help inform WTO discussions related to MSMEs.

Future engagement

ICC welcomes the work of the WTO Informal Group. As can be seen from the results of the survey, the vast majority of the 34 proposals currently being discussed have broad acceptance by global business.

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1 Argentina, Australia, Belgium, Canada, Colombia, Ethiopia, Finland, Germany, Ghana, India, Japan, the Netherlands, Nigeria, Norway, South Africa and the United Kingdom.
2 DIHK (Germany), the Pan African Chamber of Commerce, Ethiopian Chamber of Commerce and Sectoral Associations, ICC India, British Chambers of Commerce, ICC Belgium, ICC EU, Canadian Chamber of Commerce, the Export Council of Australia, Bundesverband der Deutschen Industrie, Asociacion Nacional de Comercio Exterior - Analdex.
ICC has also created a Working Group on MSMEs and Trade – comprised of national chambers of commerce, legal and trade policy experts, and small and medium-sized businesses – to collect further proposals, provide more qualitative responses to existing proposals and interact more broadly with the WTO Informal Group on MSMEs.

ICC hopes that WTO Members find this feedback useful and would welcome further engagement, either through ICC’s Permanent Representative to the WTO, Crispin Conroy (crispin.conroy@iccwbo.org) or Deputy Director of Trade and Investment, Damien Bruckard (damien.bruckard@iccwbo.org.)

Improving Transparency and Access to Information

Survey participants strongly supported efforts to facilitate access to information to MSMEs, especially in light of the growing complexity and fragmentation of the international regulatory environment. Some participants suggested that MSMEs need support with access to centralised and reliable data on: applicable tariffs and
taxes; relevant health and safety standards and compliance procedures; details about export and import procedures, such as pre-shipment formalities; and current trade patterns and trade agreements. Some participants recommended in particular that WTO Members should commit themselves to updating the Global Trade Help Desk regarding sanitary and phytosanitary requirements.

**Trade Policy Reviews**

- **WTO Members should include MSME specific information within their Trade Policy Review... to further MSME participation.**
  
  - Strongly disagree: 56.7%
  - Disagree: 33.3%
  - Neutral: 10%
  - Agree: 0%
  - Strongly agree: 0%
  
  - 30 responses

- **The WTO Secretariat should be empowered to further assist those countries with limited resources (e.g.) a unified approach to TPRs.**
  
  - Strongly disagree: 43.3%
  - Disagree: 40%
  - Neutral: 13.3%
  - Agree: 3.3%
  - Strongly agree: 0%
  
  - 30 responses

- **In all future Trade Policy Reviews (TPRs), an SME chapter should examine the effects of trade... to better illustrate their impact.**
  
  - Strongly disagree: 63.3%
  - Disagree: 13.3%
  - Neutral: 20%
  - Agree: 0%
  - Strongly agree: 0%
  
  - 30 responses

One survey participant also suggested that there should be a generic reporting format for future Trade Policy Reviews that would enable a comparative analysis of the impact of trade policies on MSMEs across countries and help MSMEs in under-performing countries collaborate with those in higher-performing countries.
Good regulatory practices

Some survey participants cautioned that regulatory burdens negatively affect both big and small companies and that the WTO should therefore focus on regulatory burden reduction across the board. Others noted that ‘best practices’ should embrace practical actions, such as eradication of traffic to the border, eradication of multiple taxation on items exported by MSMEs and the ease of access to capital for start-ups in certain sectors (such as logistics) particularly critical to trade.

Embedding the interests of small businesses within trade agreements
Several survey participants expressed reservations about whether including a separate chapter on MSMEs would have a positive impact. Some argued that creating a separate chapter could lead to greater regulatory complexity. Others noted that there should be a separate chapter only if there were very clear objectives (and not for its own sake). One participant considered that the small business chapter in the EU-MERCOSUR was a useful model.

**Trade facilitation and digitisation of trade documents**

**National Trade Facilitation Committees representation should ensure MSME industry le...ulation and compliance skills**

- Strongly disagree: 30.3%
- Disagree: 43.3%
- Neutral: 19.5%
- Agree: 5.3%
- Strongly Agree: 0.3%

**WTO Members should cooperate on Authorised Economic Operator (AEO) agreements to h...actices and past experiences.**

- Strongly disagree: 26.7%
- Disagree: 26.7%
- Neutral: 16.1%
- Agree: 16.1%
- Strongly Agree: 16.1%

**WTO Members should commit to establishing or maintaining a single window, which enables ...pating authorities or agencies**

- Strongly disagree: 40%
- Disagree: 20%
- Neutral: 15.3%
- Agree: 15.3%
- Strongly Agree: 5%

**Mutual recognition of Authorized Economic Operator concepts based on internationa...pecially SMEs of bureaucracy.**

- Strongly disagree: 44.6%
- Disagree: 37.5%
- Neutral: 17.2%
- Agree: 0.6%
- Strongly Agree: 0%

**WTO Members should promote Single Window interoperability to facilitate, s... drivers, needs and perspectives.**

- Strongly disagree: 65%
- Disagree: 26.7%
- Neutral: 5%
- Agree: 0%
- Strongly Agree: 3.3%

**WTO Members should facilitate greater MSME engagement with AEO schemes: this require...of globally trading businesses**

- Strongly disagree: 46.3%
- Disagree: 31%
- Neutral: 20.7%
- Agree: 0.6%
- Strongly Agree: 0%
Some survey participants suggested that Authorised Economic Operator (AEO) status is not (yet) MSME-friendly, creating “too much burden for too little benefit,” and that improving the benefits of AEO status for MSMEs should be a priority. One participant noted that some of the terminology used in the proposals is unclear: for example, “AEO” is an EU variant of trusted trader, rather than a term of generic global usage.

**Rules of Origin – Improving utilisation rates of trade agreements amongst smaller firms**
One participant noted that the International Trade (INTA) committee of the European Parliament recently urged the European Commission to work on a “rules of origin calculator”, an instrument that could be even more powerful if applied at the WTO level. Others stressed the urgent need for action at the multilateral level to enable MSMEs to benefit from trade preferences through harmonisation. A common comment was that any awareness campaigns should be conducted in local languages to generate maximum impact.

**De minimis**

Of all subjects, the proposals on *de minimis* thresholds generated the smallest amount of agreement, partly because it was unclear to many participants what the de minimis thresholds would apply to. Some national chambers of commerce noted that the *de minimis* threshold was an issue affecting companies of all sizes, not just MSMEs. Some participants suggested that the threshold should be less
than £1,000 while others noted that currency value should be taken into consideration with the setting of *de minimis* thresholds.

**Trade finance**

WTO Members should exchange best practice on how to ensure that trade finance prog... emphasis on micro-businesses

- Strongly disagree: 30.6%
- Disagree: 11.8%
- Neutral: 24.1%
- Agree: 24.1%
- Strongly Agree: 11.8%

WTO Members should endeavour to design domestic banking regulations that incentivize lending to small businesses

- Strongly disagree: 41.4%
- Disagree: 27.6%
- Neutral: 18.1%
- Agree: 7.6%
- Strongly Agree: 7.6%

WTO Members should examine supporting alternative forms of finance such as lending plat...ent to plug trade finance gaps

- Strongly disagree: 51.7%
- Disagree: 26.1%
- Neutral: 19.6%
- Agree: 4.1%
- Strongly agree: 0.5%

Some survey participants cautioned that trade finance is a complex area implicating domestic banking arrangements, which may be too complicated to be addressed by general recommendations.

**Export support**

WTO Members should exchange best practice on export support mechanisms to help mor... firms on their export journey

- Strongly disagree: 62.1%
- Disagree: 24.1%
- Neutral: 11.8%
- Agree: 0.5%
- Strongly Agree: 0.5%

Several survey participants noted that national chambers of commerce would be well-placed to assist in this process.
Capacity building

Several survey participants questioned what specifically was being proposed and that it was difficult to envisage such training opportunities being applicable to micro-sized companies. While there was general support for capacity building programs, some participants queried the WTO’s ability to tangibly add value in creating mentoring networks. Should any specific training courses be established, it would be important for a broad range of topics to be covered. Online courses covering the various stages of an international transaction (commercial, customs, logistics, banking) as well as courses explaining tariffs and non-tariff barriers could be helpful. (Separately, ICC notes that the ICC Academy has many relevant online courses, including certified programs, relevant to trade, trade finance, Incoterms and other topics.)

MSME Committee & Work Programme

WTO Members, currently outside the MSME initiative, should consider joining in order to up...is SME-friendly and sustainable

WTO Members should adopt a comprehensive MSME work programme, which is accompani...ipation in international trade

The WTO’s multilateral SME committee should act as a cross-cutting committee design...r MSMEs in international trade
One common response was that even larger companies are often in need of the same information. One participant also suggested that key performance indicators (KPIs) should be sector-specific; for example, those in the fashion sector should be different from those for MSMEs in the food sector.

Dialogue with the private sector

A permanent and structured dialogue with SMEs and their representatives, in particular tentatives, such as the chambers

While there was broad support for greater, structured dialogue with the private sector, several survey participants suggested that support for this proposal would be contingent on more details being provided (for example, on terms of reference, budgetary accountability, KPIs, participants).
Annex: Survey Questions

Improving Transparency and Access to Information:

1. WTO Members should commit to supporting the Global Trade Help Desk in order to facilitate access for MSMEs to relevant information. This includes extending the help desk and integrating it within national government websites and raising awareness of this portal domestically.
2. The WTO should seek to ensure this Global Trade Help Desk remains up-to-date, engages in an awareness raising campaign with the representatives of the private sector, and that this database remains user-friendly and as accessible as possible for small firms.
3. The Global Trade Help Desk’s e-ping notification alert system should be extended.
4. All WTO Members should commit themselves to the establishment of national SME contact points. Contact points of the Trade Facilitation Agreement should be used for this purpose.
5. WTO Members should strengthen their state transparency obligations, including through counter-proposals (i.e. the possibility for Members to make notifications on behalf of Members who do not comply with their notification obligations).
6. WTO Members should be obliged to notify and publish final legislative texts – not only, as established, the draft version as part of the Technical Barriers to Trade (TBT) obligations.

Trade Policy Reviews:

1. WTO Members should include MSME specific information within their Trade Policy Review Mechanisms to further increase transparency and enable the sharing of best practices to further MSME participation.
2. In all future Trade Policy Reviews (TPRs), an SME chapter should examine the effects of trade policies on SMEs to better illustrate their impact.
3. The WTO Secretariat should be empowered to further assist those countries with limited resources to enable them to include this information to ensure (where possible) a unified approach to TPRs.

Good regulatory practices:

1. WTO Members should endeavour to promote the sharing of best practices on embedding the interests of small firms in the development of trade and domestic policy.
2. The WTO should look to adopt a think small first approach and apply an SME lens during the negotiation or revision of any future multilateral or plurilateral rules.

Embedding the interests of small businesses within trade agreements:

1. WTO Members should endeavour to ensure that any future free trade agreements contain a comprehensive small business chapter.
2. WTO Members should endeavour to exchange best practice on small business chapters within the WTO’s committee on regional trade agreements, including examining how any future agreements impact the participation of MSMEs.

3. The WTO should ensure that any future or update to the existing multilateral framework contains a dedicated small business chapter.

Trade facilitation and digitisation of trade documents:

1. National Trade Facilitation Committees representation should ensure MSME industry leaders are represented on National Trade Facilitation Committees. This also requires supporting MSMEs leaders in developing trade facilitation, regulation and compliance skills.

2. WTO Members should commit to establishing or maintaining a single window, which enables traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the participating authorities or agencies.

3. WTO Members should commit to establishing or maintaining a single window, which enables traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single-entry point to the participating authorities or agencies.

4. WTO Members should cooperate on Authorised Economic Operator (AEO) agreements to help promote AEOs, increase their use by MSMEs, and allow MSMEs to learn from best practices and past experiences.

5. Mutual recognition of Authorized Economic Operator concepts based on internationally recognized standards should be promoted to relieve especially SMEs of bureaucracy.

6. WTO Members should facilitate greater MSME engagement with AEO schemes: this requires capacity and capability development programmes for MSME traders as well as awareness raising campaigns on the opportunities and benefits AEO schemes offer for MSMEs. Reviewing AEO processes and whether MSMEs face barriers from a cost and compliance perspective may be necessary. This can be aligned to the GTPA work on ISO/IEC 17065 certification of globally trading businesses.

7. MSMEs are very well placed to leverage and benefit from commercial opportunities introduced by e-commerce and the digitization of services, given the efficiencies they introduce and the costs they reduce. Trade facilitation policies should be developed to reflect this, such as tailored AEO schemes that address the particularities of e-commerce, progressing an agenda for the regulation and acceptance of digital trade documentation, and developing standards for chain of custody to reduce red tape for import and export documentation.

8. WTO Members should exchange best practice and cooperate within the relevant international fora to minimize the amount of wet ink (move to paperless) and documentation requirements for small firms at the border. Standardization and digitization of import and export documents should be promoted. The electronic depictability of customs documents is particularly important.
9. WTO Members should endeavour to examine how to simplify commodity codes and ensure that it keeps up with the latest technological developments.

**Rules of Origin - Improving utilisation rates of trade agreements amongst smaller firms:**

1. WTO Members should examine and work together to reduce the burdens imposed on small businesses by the rules of origin and associated requirements.
2. There is an urgent need for action at multilateral level to enable companies to benefit from trade preferences through harmonization and simplification. A resumption of WTO negotiations on non-preferential rules of origin would benefit particularly SMEs.
3. In the area of preferential rules of origin, further multilateral harmonization would facilitate international trade, at least through modern global guidelines, especially for SMEs.
4. All WTO Members should ratify and comply with the provisions of the revised Annex K of the Kyoto Convention of the World Customs Organization on definitions, principles, standards and recommended practices with regard to origin.
5. WTO Members should endeavour to conduct awareness raising campaigns amongst small firms located in their countries of the benefits of any free trade agreement and provide sufficient support to encourage uptake.

**De minimis:**

1. WTO Members should endeavour to undertake a thorough analysis of the impact of existing de minimis thresholds on small firms, as well as work towards a global de minimis threshold of £1,000 (or equivalent in national currency).
2. Members should promote the introduction of a global de minimis, i.e. refrain from levying customs duties on goods below a certain value. The de minimis threshold should reach a balanced level, but at least prevent the improper splitting of shiploads.

**Trade finance:**

1. WTO Members should exchange best practice on how to ensure that trade finance programmes are available and accessible to small firms of all sizes - with a particular emphasis on micro-businesses.
2. WTO Members should examine supporting alternative forms of finance such as lending platforms and crowd investment to plug trade finance gaps.
3. WTO Members should endeavour to design domestic banking regulations that incentivize lending to small businesses.
Export support:

1. WTO Members should exchange best practice on export support mechanisms to help more small firms on their export journey.

Capacity building:

1. Capacity building programmes: professional career paths in global trade, particularly in areas such as trade finance, logistics and supply chain management, and customs and freight forwarding have traditionally seen low levels of participation by MSME traders. Greater engagement could be encouraged through the development of executive leadership training for MSMEs tied to ISO/IEC 17024 certification for trade professionals in the areas of trade policy, trade regulation & compliance and trade finance & supply chain finance.

2. Mentoring, networks, and access to affordable and trusted consulting services: these support MSMEs to better understand trade facilitation issues and to ensure they have access to the support they need, whether through personalized business mentoring, access to broader and likeminded networks, or support to access affordable and trusted consulting services.

MSME Committee & Work Programme:

1. WTO Members, currently outside the MSME initiative, should consider joining in order to upgrade the work of the committee to a multilateral one. The WTO should set up an SME Committee to promote the WTO SME agenda and to ensure that the implementation of the results of negotiations (e.g. Trade Facilitation Agreement) is SME-friendly and sustainable.

2. The WTO's multilateral SME committee should act as a cross-cutting committee designed to filter MSME specific issues in relevant existing committees, including applying an SME lens to the work of other committees, and act as the forum for best practice for MSMEs in international trade.

3. WTO Members should adopt a comprehensive MSME work programme, which is accompanied by key performance indicators to guide Members to improve MSME participation in international trade.

Dialogue with the private sector:

1. A permanent and structured dialogue with SMEs and their representatives, in particular the chambers, should be ensured. This should be implemented in the form of an SME advisory body that can accompany and advance the discussions as a competent interlocutor. The advisory body would also facilitate the exchange of best practices among SME representatives, such as the chambers.