



Winter 2019 Newsletter

Message from the Coordinator H.E. Mr. José Luis Cancela:

I heartily welcome this second edition of the MSME newsletter. The MSME Informal Working Group believes this channel will reinforce its work by serving as a communication tool for our objectives, both to non-members and to outside interests, including the private sector. Let us hope that the work of our Informal Group will encourage other Members to join this effort to find horizontal and non-discriminatory multilateral solutions to improve the participation of MSMEs in international trade while simultaneously considering the specific needs of developing countries.

I also would like to extend my congratulations to all the Members of the Group for their hard work during this first full year. For 2019, we have approved a new work format which will consist of four meetings with a standing agenda whose main engine will be the concrete proposals and ideas submitted by Members. Additionally, we have also decided to convene an open meeting with private sector representatives to exchange views and receive proposals to help us focus on tangible outcomes.

We wish you all a happy and productive 2019!

H.E. José Luis Cancela

FORTHCOMING MSME EVENTS IN 2019:

- 22 February 2019
- 27-28 June 2019
- 1-2 October or 10-11 October 2019 (depending on 2019 Public Forum dates)
- 27-28 November 2019



MSME INFORMAL WORKING GROUP'S LATEST MEMBER: ARMENIA

The MSME informal Working Group is pleased to welcome its newest member, Armenia. This addition now brings the total participating members to 89 (counting the EU member states individually). Armenia was welcomed by Ambassador Cancela during the 30 November 2018 wrap up session.

Meeting on the Internet as a tool for MSMEs

On 31 October 2018, the Informal Working Group on MSMEs hosted its last thematic session of the year on the topic of "the internet as a tool for MSMEs". H.E. Dr Yusuf Bucheeri, Ambassador of the Kingdom of Bahrain, co-coordinator of the Informal Working Group and organizer of this thematic session, highlighted the internet's ability to reduce distances and provide instant access to global markets. This session posed the question to the group of whether international collaboration could assist MSMEs achieve their digital potential.

Ms. Emmanuelle Ganne from the Secretariat presented key findings from the 2018 World Trade Report which found that digital technology can lower trade costs, which can be especially beneficial for MSMEs and firms from developing countries (See write up below).

Ms. Cécile Barayre from UNCTAD presented the findings from UNCTAD's Rapid eTrade Readiness Assessment of Least developed countries (eT Ready). Ms. Barayre underscored that the first challenge to e-commerce in developing countries is to get people online. However, once people have access to the internet, there is often a slow adoption of e-commerce due to distrust, fear of hacking and a general lack of understanding. Ms. Barayre stressed the need to have communication between the government and private sector entities to understand where blockages exist and how policy could aid internet transactions.

Ms. Kimberley Botwright of the World Economic Forum (WEF) discussed work the WEF is currently engaged in to facilitate global e-commerce, noting that customs and logistics place relatively large cost burdens on MSMEs. Further, only 34 per cent of countries having frameworks to implement electronic customs that could significantly reduce this burden and facilitate international trade by MSMEs.

During the discussion, Members stressed the need for a broad exchange of experience and knowledge with regards to making the internet accessible to their populations. They 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. Several Members highlighted the digital divide as a key challenge for advancing the internet as a tool for MSMEs. Besides the digital divide, language barriers regarding online information resources were also stressed.

For more information, [click here](#).

WRAP UP SESSION

On 30 November 2018, the Informal Working Group on MSMEs met for a wrap-up session which was chaired by the General Coordinator, H.E. Mr. José Luis Cancela, Ambassador of Uruguay.

Amb. Cancela outlined three key objectives for next year:

- 1) to achieve concrete deliverables;
- 2) to expand the Group's membership; and
- 3) to secure commitment by Ministers at MC12 and aim for a ministerial declaration.

He proposed a work programme for 2019 based on a standing agenda. The standing agenda would discuss thematic work of interest to the Group; review outreach activities to expand MSME membership; and review work relevant to MSMEs done in other WTO Committees to avoid duplication of effort. Amb. Cancela emphasized the Group's analytical role and proposed various issues for further investigation by the Secretariat, including TPRs, mapping national trade finance programmes and de minimis. He also stressed the need for the Group to engage more actively with the private sector. He suggested holding regular meetings with representatives of the private sector to hear their views, and proposed a lighter, more flexible and pragmatic coordinating process with members taking the lead on subjects of interest, rather than continuing with a formal coordinating committee and thematic sessions as took place over 2018.

For more information, [click here](#).

PUBLIC FORUM SESSION

During the WTO's public forum on 2-4 October 2018, many sessions discussed the importance of MSMEs. One of the sessions, entitled "Enabling Global MSMEs: How Technical Assistance and Capacity Building Initiatives Could Take into Account the Trade Needs and Challenges of MSMEs", was organized by El Salvador and the Philippines on behalf of the Informal Working Group on MSMEs.

Presenters included Ms. Karolina Anda Berney of Sidley Austin LLP; Ms. Harriet Lamb, CEO International Alert; Ms. Ileana Rogel, President of CONAMYPE; and Ms. Cattleya Romero-Faude of Sagana Association. 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. The session concluded 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.

For more information, [click here](#).





“Blockchain could enhance the transparency and traceability of supply chains...It could facilitate small businesses' access to global markets and trade finance by enabling them to create a digital identity and build trust with partners around the world.” *Roberto Azevêdo, Director General of the WTO.*

RESEARCH WORKSHOP ON BLOCKCHAIN

On 27 November 2018, the WTO hosted a day long workshop on Blockchain and distributed ledger technologies, titled "Can Blockchain Revolutionize International Trade." The morning sessions showcased how Blockchain can be used to enhance the efficiency of certain processes related to international trade, with a particular focus on trade finance, transportation and logistics, and border procedures. Discussions also included how Blockchain could facilitate international trade. The afternoon sessions reviewed the opportunities that blockchain could open, as well as the technical and regulatory challenges that the use of the technology raises, and discussed the potential implications of blockchain for international trade cooperation and the role that the international community could play, in particular the WTO.

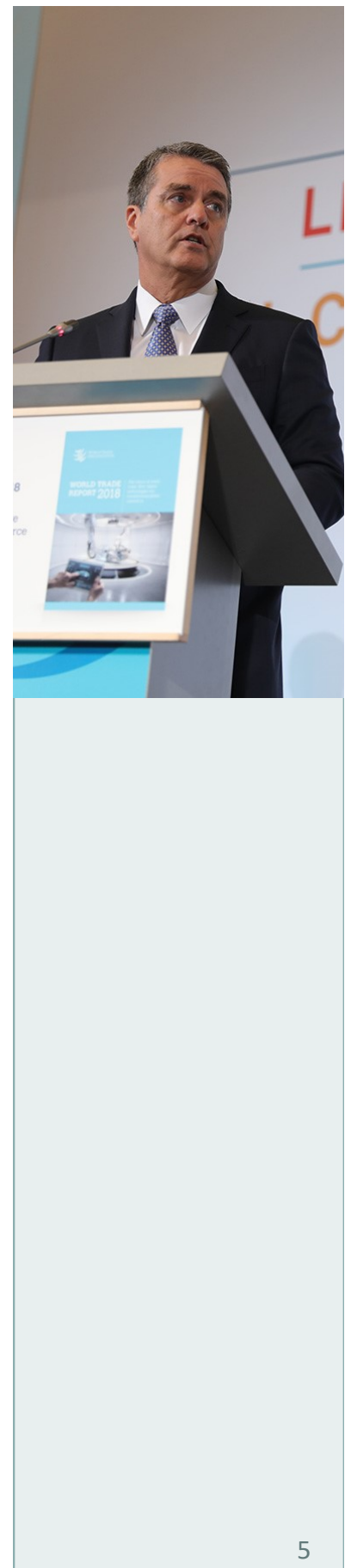
Several presentations and subsequent discussions highlighted the potential role that such technologies could play in improving MSMEs' access to global markets. For example, the session on trade finance showcased various blockchain powered platforms that have been put in place to promote MSMEs' access to trade finance. The World Bank also presented a proof of concept they developed in Vietnam to make it easier for MSMEs to benefit from preferential tariffs. Under the system, duty claims can be submitted through a blockchain system and are granted automatically upon fulfilment of the conditions defined in the relevant trade agreement.

For more information, [click here](#).

WORLD TRADE REPORT 2018

The 2018 World Trade Report of the WTO examined the impact of digital technologies on international trade, with a particular focus on artificial intelligence, the Internet of Things, 3D printing and Blockchain. The report shows that one of the most significant impacts of digital technologies on international trade is the extent to which they will reduce trade costs, with an estimated reduction of 10.5 per cent by 2030, which is expected to result in a cumulated increase in trade growth of 34 percentage points by 2030. The decline in trade costs can be especially beneficial for MSMEs and firms from developing countries, if appropriate complementary policies are put in place, and challenges related to technology diffusion and regulation are addressed. The report estimates that, in such a case, developing countries' share in global trade could grow from 46 per cent in 2015 to 57 per cent by 2030.

For more information, [click here](#).



GLOBAL TRADE HELPDESK

The Global Trade Helpdesk (www.helpmetrade.org) is an online joint initiative of the ITC, UNCTAD and the WTO meant to improve the quality and transparency of trade-related information, and strengthen public-private dialogue. Building on existing ITC, UNCTAD and WTO services as well as partner organisations' information, the Global Trade Helpdesk aims to support economic actors by:

- providing a unique entry point to existing trade-related information;
- translating trade-related information into trade intelligence;
- raising awareness and capacity of MSMEs on the use of trade information.

The beta version was launched at the 11th WTO Ministerial Conference as a concrete deliverable for MSMEs.



GLOBAL TRADE HELPDESK

Global Trade Helpdesk: First Steering Committee Meeting

The Global Trade Helpdesk (GTH), a joint ITC-UNCTAD-WTO online platform aimed at facilitating MSMEs' access to trade-related information, held its first steering committee meeting on 18 October 2018 to review and approve the GTH Charter. Various business developments were discussed, including the selection of pilot countries, fundraising efforts, initial languages as well as data development issues. Regarding data development issues, the ITC will work with the African Development Bank and other interested parties. Steering Committee Members include the three core agencies (ITC, UNCTAD, WTO), other international organizations (ADB, FAO, IDB, UNIDO, WCO, and the World Bank), as well as donor countries (EU, Ministry for Economic Affairs and Energy of the Federal Republic of Germany, Qatar Development Bank, and the State Secretariat for Economic Affairs of Switzerland).

Global Trade Helpdesk: Signing of the MOU

On 23 November 2018, Ms. Arancha Gonzalez, Executive Director of the ITC, Mr. Mukhisa Kituyi, Secretary-General of UNCTAD, and Mr. Roberto Azevêdo, Director-General of the WTO, signed a Memorandum of Understanding (MoU) for the Global Trade Helpdesk. Under the MoU, the three organizations agreed to further develop the platform, with the aim of improving the quality and accessibility of trade information needed by MSMEs to access market opportunities. As part of the agreement, the three organizations will provide technical assistance to developing countries to help them maintain up-to-date information in the Global Trade Helpdesk and will raise awareness among MSMEs about how to benefit from this trade information.

For more information, [click here](#).

WHY AN INFORMAL WORKING GROUP FOR MSMEs?

The MSME Informal Working Group is a coalition of 89 WTO Members of varied levels of development and all regions of the world that share an interest in improving access to global markets for Micro, Small and Medium-Sized enterprises (MSMEs). Today, 95% of companies across the globe are MSMEs. Although MSMEs account for 60% of the world's total employment and comprise anywhere from 80-99 per cent of a country's registered firms they remain underrepresented, and face a large number of obstacles when seeking to participate in international trade. When MSMEs successfully access international markets, they can act as a catalyst for better distribution of the gains from trade to all sections of the economy. The MSME Informal Working Group aspires to ensure that the multilateral system enables these economic benefits through better inclusion of MSMEs in global commerce.



“The joint initiative on supporting MSMEs, which was launched in Buenos Aires last year...continues with real energy and enthusiasm behind it.” WTO DG Azevêdo, [June 27 2018](#).

THE ROAD TO BUENOS AIRES 2017

The Informal Working Group on MSMEs was created at the 2017 Buenos Aires Ministerial Conference by a Joint Statement. The road to the Buenos Aires Joint Statement began with a proposal by the Philippines in 2015, which identified MSMEs as a dynamic sector and suggested that “the General Council shall consider the most appropriate arrangement to facilitate discussions”.

In July 2016, Brunei Darussalam, Lao PDR, Malaysia, the Philippines, Singapore and Thailand reported on a workshop held in June that year titled “Enhancing the Participation of Micro, Small and Medium Enterprises (MSMEs)” that aimed at enhancing awareness of the role that MSMEs have in international trade .

In May 2017 at the General Council, a group of 47 Members (counting EU member states individually) effectively launched an Informal Dialogue on MSMEs chaired by H.E. Mr Héctor Casanueva of Chile.

In June 2017, Argentina, Brazil, Paraguay and Uruguay submitted a proposal for the development of a work programme that would cover areas such as information and transparency, trade facilitation, e-commerce and trade finance.

Several workshops were organized in the run-up to MC11 to emphasize to Members the importance of having a specific forum to discuss MSMEs at the WTO, including a workshop on regional and national experiences) in October 2017.

A draft ministerial declaration was circulated prior to MC11 (click [here](#)).

WHAT IS THE MSME INFORMAL WORKING GROUP?

In their Joint Statement, the Group committed to discuss and identify “horizontal and non-discriminatory solutions” to improve the participation of MSMEs in international trade. The Group seeks to develop solutions that would apply to all companies (but would benefit MSMEs the most) while taking into account the specific needs of developing countries.

General Coordinator: H.E Ambassador Jose Luis Cancela of Uruguay (Since January 2018).

Membership of the Informal Working Group: Afghanistan; Albania; Antigua and Barbuda; Argentina; Armenia; 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; 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; The Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; the former Yugoslav Republic of Macedonia; Turkey; Uruguay and Viet Nam.