



## Winter 2020 Newsletter

### Message from the MSME Coordinator

The MSME Informal Working Group has hit the ground running in 2020 as we get ready for the busy months planned ahead. The group is drafting proposals for MC12 and looking for ways to bring more Members on board with this initiative. Since MC11, the group has worked towards developing concrete outcomes linked to MSMEs, which I think are evident in the group's draft proposals. We are ready to show that MSMEs truly matter for the WTO and that the WTO can matter for MSMEs. From supporting the publication of relevant and verified trade information, to promoting MSMEs' inclusion in trade rule-making, the MSME Informal Working Group is actively looking for ways to support trade by the largest business demographic in the world: MSMEs! I am excited to see where the WTO MSMEs initiative will go this year and look forward to working with stakeholders as these recommendations move forward.

- Ambassador Jose Luis Cancela

### FORTHCOMING MSME EVENTS IN 2020:

- 25 February —  
Open-ended meeting
- 26-27 March —  
Open-ended meeting
- 29-30 April —  
Open-ended meeting
- 18-19 May —  
Open-ended meeting

## DID YOU KNOW:

*"A global trade finance gap of USD 1.5 trillion persists and 40% of SME trade finance applications are rejected"*

The 2019 ADB Trade Finance Survey found that the global trade finance gap remains at around \$1.5 trillion and nearly 60% of respondents expect the gap to increase over the next 2 years. Another key finding was that women-owned firms face greater challenges accessing trade finance than men-owned firms. Meanwhile, small and medium-sized enterprises (SMEs) also face considerable barriers with more than 40% of SME trade finance applications rejected by banks. However, there is growing optimism that fintech and digitization are potential solutions to bridge the trade finance gap, particularly for SMEs.

See [Survey](#) for more details.



## MSME 2019 4TH QUARTER REGULAR MEETINGS

The Informal Group on MSMEs met three times during the fourth quarter of 2019: on 29 October, 27 November and 12 December, to discuss new and updated proposals by Members and to review the entire draft MC12 package.

The draft ministerial declaration being prepared is expected to include various recommendations, decisions and calls to action, as well as a post-MC12 work programme. Recommendations and decisions being considered include a WTO MSME web platform, support for the Global Trade Helpdesk and recommendations on MSME inclusion in trade rulemaking.

At the 27 November meeting, the Kingdom of Saudi Arabia announced its intent to join the MSME IWG as the 91<sup>st</sup> Member.

Various presentations were made including:

- A presentation by the Secretariat detailing the new Market Access WTO Integrated Database (IDB) decision. The presentation stressed that members could voluntarily enter into an agreement with the Secretariat to enable their customs data to be uploaded to the Secretariat's database by digital connection. Having timelier and better-quality data provided to the Secretariat would enable the WTO to enhance the degree of access to information for MSMEs. The Group was invited to consider how it could support the implementation of this Decision.

- Updates on MSME-related work in the WTO Working Group on Trade Debt and Finance (WGTDF) as well as the STDF. The Secretary of the WGTDF briefed the Group on the recent global trade finance gap study published by the Asian Development Bank (see [side bar](#)), which shows that there is a trade finance gap of USD 1.5 trillion and 40 per cent of MSMEs' trade finance requests are rejected. The WTO Secretariat is also exploring, with the Enhanced Integrated Framework, the possibility of systematically including trade finance aspects in Diagnostic Trade Integration Studies (DTIS) and the STDF described their current work to facilitate safe trade and SPS electronic certifications.

- Presentations to the group by representatives of other organizations provided information on their relevant MSME work, including by Pandey Pashupati of the World Customs Organization; Aksinya Sorokina from the International Finance Corporation, World Bank Group; Ian Sayers from the International Trade Centre; Paul Donohoe from the Universal Postal Union; Salehin Khan from the UN Economic Commission for Europe; and Jennifer Brant from the Cyber Readiness Institute. [See here](#) for summaries of these presentations..



- A workshop on trade enablement of SMEs through the use of technology by Louise Wiggett, Founder of South African-based Global Trade Solution (for more details, see [here](#)).

The Group also discussed private sector involvement, including through workshops and scheduled sessions back to back with regular meetings of the MSME IWG.

To carry the momentum forward, monthly meetings are scheduled for 2020 to finalize the texts for the MSME MC12 package. Full texts of the proposals are available at WTO [documents online](#).

## PRESENTATIONS TO THE MSME IWG

### *AEO and Single Window*

The World Customs Organization presented on authorized economic operator (AEO) programmes and Single Windows, including the WCO SAFE Package to verify a national AEO programme has demonstrated customs compliance (available [here](#)) and a 2-part compendium on how to build a Single Window ([Vol 1](#), [Vol 2](#)). Authorized operator schemes are encouraged under article 7 paragraph 7.4 of the WTO Trade Facilitation Agreement and can include individual exporters and importers or entire ports or warehouses that meet a programme's criteria. However, studies have shown that MSMEs are often excluded from trusted party schemes, such as AEO programmes, because of inadequate records and accounting practices and are unable to meet security and guarantee requirements (see the ITC [Toolkit](#) for more information). Over the past year, various small business federations and bodies have called on the WTO Informal Working Group on MSMEs to look into this issue (see MSME/W/17 at WTO [documents online](#)).

The WCO also presented on single windows, an issue that had already been discussed on various occasions by the IWG on MSMEs. The WCO noted that single windows come in many different forms with an intention to "...allow parties involved in trade and transport to lodge standardized information, mainly electronic, with a single entry point to fulfil all import, export and transit related regulatory requirements." The WCO has developed an online interactive database ([RAM-MAP SWIM](#)) with information including progress on WCO Members' Single Window environments. While single windows can ease MSMEs' burden, studies have also pointed to the fact that complexity of design can prevent MSMEs from finding necessary information and submitting all required documentation (see the ITC [Toolkit](#)). Small business organizations and bodies have highlighted single windows as one issue on which the WTO IWG on MSMEs could work (see MSME/W/17 at WTO [documents online](#)).

### *IFC: Supply Chain Finance*

The International Finance Corporation (IFC) presented its work with financial institutions and regulators to advise and provide a framework for SME financing, including things such as collateral registries and e-invoicing. The IFC is also a funder of international trade through the GTSF (Global Trade Supply Finance) Program. This provides emerging market suppliers with short term financing for their sales to large established buyers by discounting their receivables. So far over US\$3 billion has been committed to suppliers from 12 countries. Additionally, the IFC works with regulators to improve their SCF enabling environment through standards, guidelines, and acceptance of e-signatures, among others.

WELCOME TO SAUDI  
ARABIA!

السلامة للجميع



91st member of the  
MSME IWG



Ambassador Canceled and Louise Wiggett

### *Trade Enablement of SMEs Through the Use of Technology*

Technologies, from cloud computing to IoT, can provide new opportunities for MSME innovation and productivity. Louise Wiggett (see [below](#) for interview), provided MSME IWG members with a workshop on this topic on 27 November 2019.

### *ITC: Access to Financing for Sustainability 2020*

The International Trade Centre (ITC) presented on how it helps to act as a gateway to MSME finance information and educate MSMEs on options like SCF through training and establishing de-risking alliances. Based on a joint ITC, ADB, CBI trade and supply chain survey, the ITC has helped identify the MSME need for more information, more flexible bank sources or non-bank financing sources. More than half of MSMEs were also found to be uncomfortable using digital financing platforms. Given these findings, the ITC is targeting clusters of growing enterprises in export value chains with a more comprehensive approach by providing financing and technical advice.

### *UPU: Postal Trade Facilitation and SME Enablement*

The Universal Postal Union (UPU) presented on its MSME export facilitation work through the postal system, including a pilot project called Easy Export in Tunisia that includes a single window for information and customs clearance. More information is available [here](#). The "parcelization" of shipments has led to the multiplication of customs processing operations and an increase of trade occurring through the post. The UPU is a supporter of the TFA, and new recommendations note that the Post should be included as a stakeholder in trade consultations at all levels, that guidelines for postal services should be developed for national trade facilitation, and that the postal sector should be present in trade facilitation committees and single window implementation projects.

### *UNECE: ISMIT*

The UNECE provided information on its Integrated Services for MSMEs in International Trade (ISMIT), a conceptual framework that advocates for integrated, end-to-end trade services platforms for MSMEs that want to trade across borders, which could be connected to national single-windows. ISMIT platforms would essentially serve as a gateway to standardize information and connect e-commerce platforms with both national and foreign single windows, smoothing the trade process for MSMEs. More information is available in the UN/CEFACT White Paper [here](#).

### *Cyber Readiness Institute: Cyber Readiness Program*

Finally, the Cyber Readiness Institute re-presented information from its March 2019 Workshop at the WTO detailing how MSME cybersecurity is essential, especially for supply chains, and noted that they provide a free online course for MSMEs which is available in multiple languages. More information is available at their [website](#).

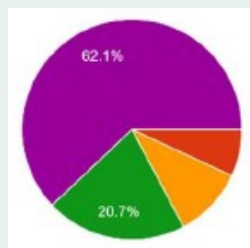
### *Workshop on Trade Enablement of MSMEs Through the Use of Technology*

Louise Wiggett, Founder of South African-based Global Trade Solution, a consulting service for international traders and supply chain participants (see [interview](#)), provided Members with a workshop about the importance of innovative and technology-based small and medium enterprises. "Digitalization", or the use of digital technologies to change a business model and provide new revenue and value-producing opportunities, can provide solutions to many common MSME problems, from access to markets and finance to locating regulatory information and business support. Pay-for-use service models, such as those used by cloud platforms, can make costs more affordable to small businesses while at the same time allowing them access to the benefits of improved inter-office connectivity and accelerated sales processing, among others. Mobile applications at low, or no, cost are also available to evaluate SME business services, (Cont'd)

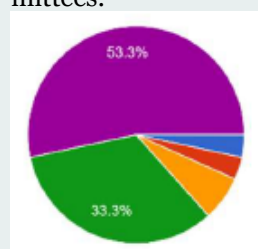


### ICC Survey on MSMEs

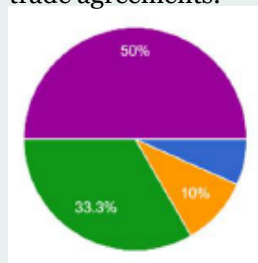
Members should establish national SME contact points (TFA).



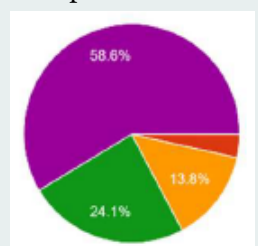
MSME leaders should be on national TF committees.



Members should exchange best practices on small business chapters in trade agreements.



WTO Members should exchange trade finance best practices.



allow for business to customer messaging, and provide payment solutions. Free online trade and training tools also offer trade information for SMEs so they can better evaluate export requirements and costs. Finally, the Internet of Things (IoT) offers new opportunities both for small firm innovation and for business cost reductions. Examples include RFID tags for merchandise and containers that can provide automatic updates on inventory and tracking or smart lighting and thermostats which can generate operating cost savings.

## VOICES ADVOCATING FOR MSMEs AT THE WTO

Since our last newsletter, two new responses were received informing, and advocating for, the WTO's MSME Informal Working Group. If your organization is also advocating for MSMEs at the WTO, please [contact us](#).

### Global Trade Professionals Alliance

The Global Trade Professionals Alliance submitted a position paper to the WTO Informal Working Group on 25 October 2019. The paper highlights the way the Trade Facilitation Agreement supports MSMEs through simpler processes, improved efficiencies, and support of innovations as well as the way AEO programs facilitate transparent and predictable environments that support MSME trade participation. The paper calls on Members to research barriers and challenges; support MSME industry leader representation on national trade facilitation committees; and increase harmonization of AEO schemes and Single Windows, among other suggestions. The full text is available [here](#).

For a compilation of all reports received by the Group to date, see INF/MSME/W/17 available at WTO [documents online](#).

### International Chamber of Commerce

The ICC recently conducted a survey to inform the discussions of the WTO MSME Informal Working Group. The Survey was sent 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. Responses were received from 31 recipients located in 16 different countries, including from 10 national and supra-national chambers of commerce and other peak business organizations. The ICC will continue to collect results to help inform WTO discussions. Overall, broad support was expressed for the MSME Informal Working Group and the issues it has taken up. A small sample of the responses received are visible in the figures located on the side.

<sup>1</sup>Argentina; Australia; Belgium; Canada; Colombia; Ethiopia; Finland; Germany; Ghana; India; Japan; the Netherlands; Nigeria; Norway; South Africa; and the United Kingdom.

<sup>2</sup>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.



## MSME VOICES

As the founder and Managing Director of [Global Trade Solution](#), **Louise Wiggett** has more than 25 years' experience in the International Trade and international Supply Chain and Logistics environment. Prior to founding GTS, Louise completed her articles at Ernst and Young and worked extensively in international trade at various major blue-chip companies in Africa. She has performed extensive consulting and international trade enablement throughout the Africa region and participates in a number of World Customs Organisation, International Chamber and other international organisation initiatives on an ongoing basis.

## MSME VOICES

The WTO Informal Working Group on MSMEs believes that direct interaction with MSMEs will enrich discussions and help the Group identify issues that deserve consideration at the WTO. To pursue this objective, we are interviewing MSME experts or Groups who have participated in our meetings and workshops.

People who are interested in being featured are most welcomed to [contact us](#).

## LOUISE WIGGETT, FOUNDER, GLOBAL TRADE SOLU-

### A few words about yourself and your interest in the MSME cause:

Having started my own business in 1999 and being a MSME ourselves I can relate to the challenges, frustration and roller coaster ride that is associated with starting and growing a small business from inception to now a medium to larger size business. I believe sharing our experiences with the broader community can add value to their experience and hopefully prevent them from falling into some of the pitfalls that we experienced along the way.

I also strongly believe that MSMEs are the future for growth and development of economies across the world and that by enabling MSMEs we can create sustainable businesses that can contribute to a fairer and more equitable society in the future, empowering both men and women to reach their full potential.

### Top challenges that MSMEs face when accessing global markets:

Obtaining the correct information to enter the export environment is a serious challenge for most MSMEs.

Obtaining the right knowledge and skills, both from a product, market access, pricing, foreign currency management and, finally, shipping and logistics perspective is a serious challenge for most MSMEs.

Obtaining the correct, and sustainable, financial and cash flow models to enable the production of goods for the global markets and then have the ability to sustain the business through the lengthy logistical process is in most instances a crippling challenge for MSMEs. In addition, normally global markets lead to exponential growth, which creates serious cash flow challenges for MSMEs.

### Tips for MSMEs wishing to access global markets?

**Tip 1** – get your administration, cash flow and financial side geared for the challenges that come with global expansion.

**Tip 2** – Upskill yourself so that you have a very good understanding of the requirements for your products in the markets that you are targeting.

**Tip 3** – Focus – we all want to conquer the world quickly, but the reverse is true: Rome was not built in a day. Focus and penetrate one market segment deeply, learn the lessons and develop the skills and expand from there.

### One example of a successful initiative that supports MSMEs' participation in international trade:

The current Amazon MSME program is a worthwhile initiative and can have big benefits in future through collaboration and enablement. It creates the ability for the MSME to focus on the product, product development and expansion while the logistics and supply chain side, which is

normally the more unknown and problematic side, is taken care of. In addition, the online presence and reach is without challenge worldwide.

**Advice to national policy makers to support MSMEs' participation in international trade:**

- Consolidate policy positions focusing on MSMEs into one unit and ensure that there is a holistic approach and one-stop-shop for MSMEs.
- Ensure that information is readily available online and **kept up to date**, for example tariff information, prohibitions and restrictions, phytosanitary info etc.
- Support the Revised Kyoto Convention with the participation of industry and trade as your partner in the journey.
- Create a finance environment that is supportive and enables MSME participation.
- Create collaboration and co-creation environments between policy makers and traders, business and other government agencies.
- Do away with the requirement for inspection agencies like SGS, Cotekna etc.—massive trade barrier and costs.

**How can the WTO Informal Working Group on MSMEs help firms access international markets?**

The WTO Informal Working Group can play a pivotal proactive role in number of ways in my opinion:

- Harness the research and capacity building opportunities the WTO has access to and focus them for MSMEs.
- Create and collate a Trade Information Portal that can have provide trade information, or at least point to the right place where the information can be found.
- Host outbound trade missions and engagements between countries for MSMEs.
- Co-ordinate international funding efforts.
- Influence and co-ordinate policy between countries to ensure alignment and co-ordination to remove non-tariff barriers.

GTS provides consulting services combined with innovative solutions to enable the optimization of the international trade, supply chain and logistical environment. Linking all the different trade partners in the international supply chain as well as all the various statutory organizations is a primary drive for the GTS team. GTS has also adopted block chain technology as a primary disruptor in the International Trade and Supply Chain environment and is championing a number of block chain initiatives to modernize the international trade and supply chain landscape.

*“Obtaining the right knowledge and skills... is a serious challenge for most MSMEs”*

*- Louise Wiggett, Founder of GTS*

**BRADLEY HESLOP, CO-FOUNDER AND MANAGING DIRECTOR—AFRICA OF WSV**

**A few words about yourself and your interest in the MSME cause:**

My interest stems from co-founding a social enterprise which works to establish small - and microbusinesses in under-resourced communities in five countries. WSV is a social franchisor and sustainable development consultancy. We work with NGOs and businesses to establish rural entrepreneurs that impact the health, education and economy of, mainly rural, communities in sub-Saharan Africa. I have seen how vital MSMEs are to a balanced economy and wealth distribution. We need more MSMEs, entrepreneurs and wealth creators and less focus on training generations to be employed by a rich few.

**Top challenges that MSMEs face when accessing global markets:**

- Players in the global market are often weary of MSMEs and give opportunities to better known brands that are often less specialised or capable.



## MSME VOICES

**Bradley Heslop** is, among other things, a speaker, mentor and culture enthusiast. Bradley is also the co-Founder and Managing Director - Africa of WSV; Social Franchise which licenses “Businesses in a Box” of proven community operated social enterprises to NGOs to scale impact quickly and support development goals.

- There is a lack of resources (human, legal and financial) for MSMEs to understand their own markets let alone foreign ones.
- Regulations and frameworks are often not designed with MSMEs in mind causing a lack of understanding, drains on resources, a fear of being penalised and missed opportunities.

### Tips for MSMEs wishing to access global markets:

- Don't be afraid of the fight for customers and resources. Smaller means more nimble, more adaptable, and often more specialised and experienced in a given field.
- Build your brand. Develop relationships with bigger brands or people of repute. Be at every event you can be, even if it's just your logo.
- Learn about your market. Whether through a mentor, attending events or talking with others.

### One example of a successful initiative that supports MSMEs' participation in international trade:

The example which I am involved in is Stage Six, a social franchise alliance which exists to de-risk and support social enterprises wishing to scale nationally or internationally using franchising. This alliance includes all market players from entrepreneurs, policy makers, funders, researchers, consultants etc.

*“Don't be afraid of the fight for customers and resources. Smaller means more nimble, more adaptable and often more specialised and experienced in a given field .”*

*- Bradley Heslop, co-Founder and Managing Director — Africa of WSV*

## WSV

WSV operates a portfolio of franchises that enable entrepreneurs in disadvantaged communities to locally manufacture affordable reusable sanitary pads, distribute solar services, provide sanitation and produce organic fertilisers. For more, read [WSV's brochure](#).

### Advice to national policy makers to support MSMEs' participation in international trade:

Consider how MSMEs, which are typically the biggest employers and sources of GDP, will interact with this policy or initiative. Have you made it easy to understand or access? Have you promoted them widely and through multiple medium to those without research and legal teams? I would also suggest bringing more MSMEs and start-ups along on trade missions and provide them with the exposure and learning opportunity.

### How can the WTO Informal Working Group on MSMEs help firms access international markets?

The working group has a vital role to play. Being in good communication with the WTO and member states, the working group can lobby on behalf of those without the platform. This involves speaking en masse to MSMEs around the world, holding forums etc and presenting these findings on the global stage. In addition, the working group can work to create a culture/tradition of inviting more MSMEs to global trade events.



## WHY AN INFORMAL WORKING GROUP FOR MSMEs?

The MSME Informal Working Group is a coalition of 91 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 per cent of companies across the globe are MSMEs. Although MSMEs account for 60 per cent 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 Director-General Roberto Azevêdo, 27 June 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](#)).



*“MSMEs are fundamental to our economies – a win-win for everybody - and employment, and we are working to develop the potential of MSMEs in international trade.”*

*-H.E. Mr José Luis Cancela of Uruguay, Coordinator of the WTO Informal Working Group on MSMEs*

## WHAT IS THE MSME INFORMAL WORKING GROUP?

In their December 2017 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.

**Coordinator:** H.E. Mr José Luis Cancela of Uruguay (Since January 2018)

**Previous Chair:** H.E. Mr Hector Casanueva of Chile (June 2017-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; Mongolia; the Republic of Moldova; Mongolia; Montenegro; Myanmar; New Zealand; Nicaragua; Nigeria; North Macedonia; Norway; Pakistan; Panama; Paraguay; Peru; Philippines; Qatar; Russian Federation; Saint Kitts and Nevis; Saint Lucia; Saint Vincent and the Grenadines; Saudi Arabia, Kingdom of; Singapore; Switzerland; Chinese Taipei; Turkey; Uruguay; United Kingdom and Viet Nam.

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**MSMEs**  
WTO Joint Initiative  
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