Multiyear Expert Meeting on

Transport, Trade Logistics and Trade Facilitation, Seventh session: Trade facilitation and transit in support of the 2030 Agenda for Sustainable Development

7 to 9 May 2019

Trade facilitation measures for enhanced MSME participation in trade

Presentation by

Pierre Bonthonneau
Trade Facilitation
ITC

This expert paper is reproduced by the UNCTAD secretariat in the form and language in which it has been received. The views expressed are those of the author and do not necessarily reflect the views of the UNCTAD.
Trade facilitation measures for enhanced MSME participation in trade

International Trade Centre – 07 May 2019

Transactional efficiency is a key determinant of countries international competitiveness

Private view on the main barriers in connecting firms to value chains (% answers)

Removing supply chain barriers has a larger effect than removing tariffs

SC reforms could increase GDP up to 6x more than removing tariffs

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Increase in GDP (trillion US$, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambitious TF</td>
<td>2.6</td>
</tr>
<tr>
<td>Modest TF</td>
<td>1.5</td>
</tr>
<tr>
<td>Tariffs removal</td>
<td>0.4</td>
</tr>
</tbody>
</table>

SC reforms could increase trade up to 40% more than removing tariffs

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Increase in trade (trillion US$, %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ambitious TF</td>
<td>+40%</td>
</tr>
<tr>
<td>Modest TF</td>
<td>14.5%</td>
</tr>
<tr>
<td>Tariffs removal</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

Benefits of TF reforms largely depend on their implementation modalities

Source: Enabling Trade Report 2013, World Economic Forum
The TFA calls for business participation in the design and implementation of reforms

- **Art. 2.1** Opportunity to comment and information before entry into force
- **Art. 2.2** Consultations
- **Art. 23.2** National trade facilitation committee

The TFA doesn’t discriminate between large businesses and SMEs

Policy makers should implement TF reforms in a manner that benefit MSMEs

Reforms that work for MNCs might not benefit SMEs…

But…reforms that work for SMEs will also benefit MNCs
Tailoring TF reforms to meet SMEs specific needs: selected examples

**Transparency**
- Publish information in a user friendly manner
- Publish information in local languages
- Use mobile-enabled information portals

**AEO**
- Take SMEs on board when setting criteria
- Build SME capacity to improve compliance
- Build SME capacity to maintain records

**Single Window**
- Adjust SW business model to SMEs
- Allow for eMobile payment
- Install “kiosks” where SME can access SW and get support

Policy maker should also think about dedicated initiative to foster SME compliance

- Dedicated communication campaign focused on SMEs
- Trainings and awareness raising events
- Coaching of businesses to comply with reformed environment
- Facilitation of community based and peer-to-peer learning
Key take-aways

Public-private dialogue must be at the core of the design and implementation of TF reforms

Businesses of all size must be given the opportunity to express their specific needs, including SMEs

NTFC is the natural platform to facilitate public-private dialogue

Trade Facilitation is about continuous improvement: it's never too late to make your reforms work for SMEs

ITC’s unique approach to trade facilitation reforms

- Promoting business perspective in diagnosis, design and implementation of trade facilitation reforms
- Creative approaches to e-learning (online cross-border management curriculum, interactive courses, Virtual Learning Space)
- Innovative use of ICT for trade facilitation, including Trade Facilitation Portal, Enquiry points, Digitalization of Certificate of Origin
- Addressing non-tariff barriers to trade using a “whole of the supply chain” approach comprising trade facilitation, quality for trade (SPS, TBT), and logistics services
- Active network of partnership: UNCTAD, WTO, WCO, ICC, UNECE, UNESCAP, IRU, UPU, WEF, ADB, CNI, DHL
- Building upon regional integration dynamics and fostering a regional approach to the TFA implementation.