12th WTO Ministerial Conference - Time for MSMEs

The 12th Ministerial Conference of the World Trade Organization (WTO) in Kazakhstan is scheduled for 2020. After years of blockades and the largely unsuccessful previous ministerial conference in 2017, business expectations as regards solutions to current trade policy challenges are dampened. In order to strengthen the practical relevance of the multilateral system, it is necessary to make **micro, small and medium-sized enterprises (MSMEs) a central aspect of the WTO agenda**. The clear commitment of countries to free trade must be cemented into legal frameworks so that this is open to all companies, regardless of size. After all, MSMEs account for a considerable proportion of economic output and have enormous potential with regard to global value chains. For business, the following points are therefore decisive for a successful ministerial conference in Kazakhstan.

MSME checklist for the 12th WTO Ministerial Conference:

- ☐ Multilateral MSME work programme anchoring the *Think Small First* principle in WTO rules

- ☐ Institutional consolidation through the creation of a WTO MSME Committee

- ☐ Strengthening government transparency obligations and better access to market access information for companies

- ☐ MSME chapters in WTO Trade Policy Reviews

- ☐ WTO MSME Advisory Body for the involvement of business in WTO negotiations

- ☐ MSME Envoy at the WTO Secretariat

- ☐ Establishment of the Global Trade Helpdesk as a central platform for worldwide market access information

- ☐ Coordination for better MSME data collection and evaluation

- ☐ Coordination of best practices on trade facilitation for MSMEs

- ☐ Resumption of WTO negotiations on the harmonisation of non-preferential rules of origin

In detail: DIHK has made detailed proposals in the 2018 idea paper "WTO SME Initiative now!"[1] on the above-mentioned individual aspects of a WTO MSME initiative.

Further topics:

WTO-Reform
In view of the increasing threat to the rule-based multilateral trading system as well as improvements needed, the WTO needs to be strengthened. It is therefore legitimate and important for the EU to contribute to the WTO reform debate with a set of proposals. German businesses support the EU approaches to modernising the World Trade Organisation and ask all WTO members to advance this necessary reform process constructively and rapidly. The WTO Secretariat should thus be enabled technically and financially to support the further development of the WTO rules.

Preserve WTO dispute settlement
The continuing blockade of the appointment of new members to the WTO Appellate Body threatens to paralyse the entire WTO dispute settlement system at the end of 2019. This system ensures the enforcement of global trade rules and is therefore indispensable for business. It must be preserved, if necessary, with a plurilateral interim solution consisting of as many WTO members as possible.

Modern rules through open plurilateral initiatives
Since the 11th WTO Ministerial Conference, promising initiatives have been underway in a number of areas relevant to business. It is important to advance with these initiatives in order to adapt WTO rules to the economic realities of the 21st century. This applies in particular to the initiatives on **electronic commerce, domestic regulations in the services sector and investment facilitation**, but also to the talks on **eliminating market-distorting practices**. Finally, the negotiations on a **services agreement** and an **environmental goods agreement**, as well as the extension of the **General procurement agreement**, also remain highly relevant for companies. A breakthrough in these areas could also offer significant opportunities to MSMEs.

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[1] https://www.dihk.de/ressourcen/downloads/ideenpapier-wto-mittelstandsinitiative-engl.pdf/at_download/file?mdate=1540459091781

Berlin, 09.10.2019

Background
Since the 11th WTO Ministerial Conference, 90 WTO members have been negotiating an informal work programme for small and medium-sized enterprises (MSMEs). SME-inclusiveness in trade has been advanced by the European Union (EU) following the [initiative of the DIHK](#) and other parts of the European economy (e.g. [EUROCHAMBRES: Making MC11 Think Small First](#)). In turbulent times for global trade, the current talks of the WTO Working Group for MSMEs are all the more important.

MSMEs play a key role in growth and competitiveness. There are over 20 million MSMEs in the EU. Over six million jobs depend on the 600,000 exporting European MSMEs. According to the International Labour Organisation's (ILO) World Employment Social Outlook 2017, the number of full-time jobs in MSMEs has more than doubled in the last 10 years. Although entrepreneurs today think more and more internationally, the gap between exporting MSMEs and those who could do international business is still large. Not only in Europe, but worldwide, the integration of MSMEs into global value chains holds great potential. This is where WTO members should start an ambitious MSME initiative to set the right framework conditions.

The following countries participate in the MSME Talks:

Afghanistan; Albania; Antigua and Barbuda; Argentina; Australia; Bahrain, Kingdom of; 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; Korea, Republic of; Kyrgyz Republic; Lao PDR; Liechtenstein; Malaysia; Mexico; Moldova, Republic of; Mongolia; Montenegro; Myanmar; New Zealand; Nicaragua; Nigeria; North Macedonia; Norway; Pakistan; Panama; Paraguay; Peru; Philippines; Qatar; Russian Federation; St. Kitts and Nevis; Saint Lucia; Sant Vincent and the Grenadines; Singapore; Switzerland; The Separate Customs Territory of Taiwan, Penghu, Kinmen, and Matsu; Turkey; Uruguay and Viet Nam.

Source: Own graphic