



**Asia-Pacific
Economic Cooperation**

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Global State of MSME Participation in Trade

Submitted by: Washington CORE



**Utilizing Digital Technology in the Field of
Trade Facilitation Under the Current
COVID-19 Pandemic and Beyond: Best-
Practices Sharing Workshop - Empowering
Micro, Small and Medium Enterprises to
Participate in Cross-Border Trade
15 September 2021**



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September 15, 2021

Washington CORE

MSMEs: drivers of economic development

Today, MSMEs account for...

90%+

of all enterprises in most economies

70%

of employment worldwide

60%+

contributed to GDP or value added in most OECD economies

7 out of 10

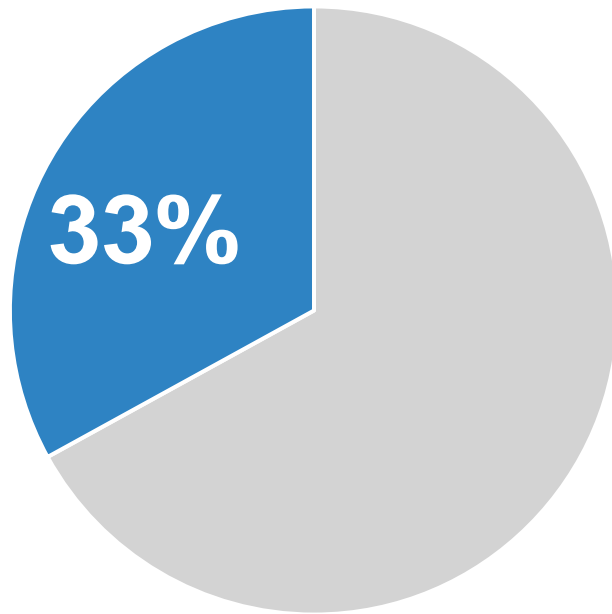
formal jobs created by MSMEs in emerging markets

Source: ILO, World Bank

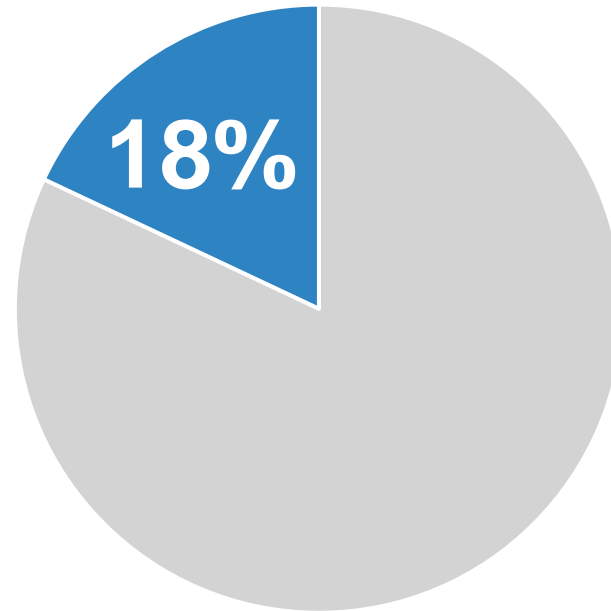
MSMEs and trade

MSMEs continue to be less represented in global trade.

MSME Shares in Exports



Developed Economies



Developing Economies

Source: OECD (2020)

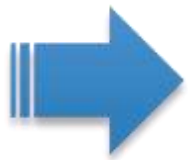
Obstacles to MSME participation in trade

External

- ▶ Poor access to information (e.g. clients, markets, regulations..)
- ▶ Costly compliance requirements
- ▶ Burdensome customs procedures
- ▶ Lack of trade finance

Internal

- ▶ lack of experience, workforce capability
- ▶ lower productivity



MSMEs, which lack the ability to exploit economies of scale, can be **disproportionately affected** by both tariff and non-tariff trade barriers (e.g. regulations).

How can digitalization help?

Digital solutions (e.g. **digital trade platforms, e-commerce platforms**) can support MSMEs in such areas as:

- ▶ transactions at a distance
- ▶ delivering products efficiently
- ▶ access to financial services
- ▶ access to foreign distribution networks
- ▶ customer engagement
- ▶ foreign regulation compliance
- ▶ unfamiliar & burdensome customs procedures



Benefits to MSMEs



overcome human resources limitations & knowledge gap



reduce uncertainties and risks, reduce costs



find new customers, increase customer loyalty and retention



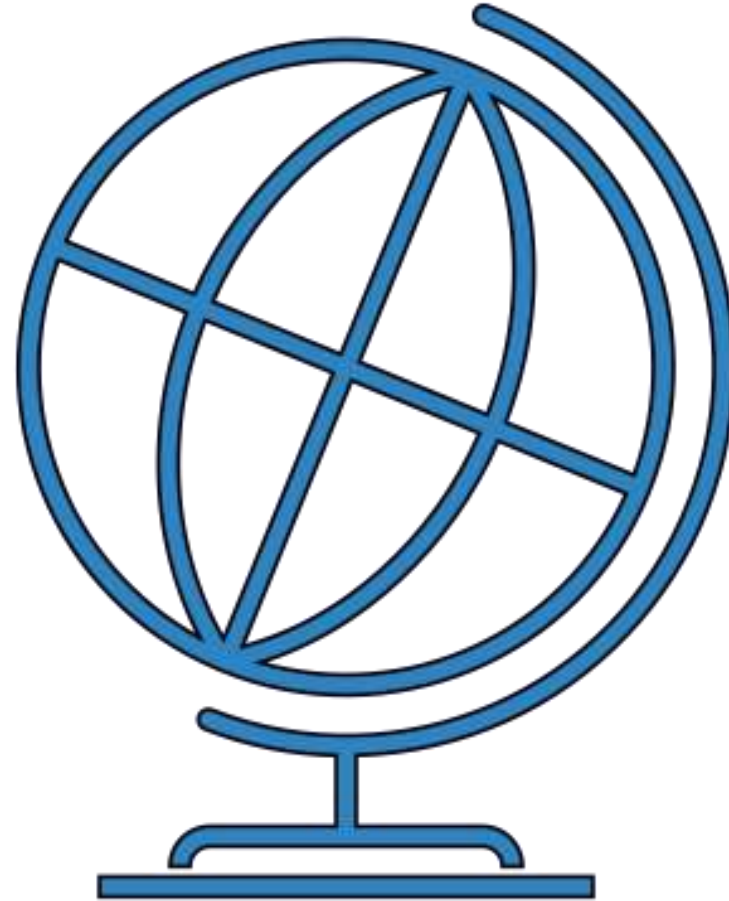
increase productivity, increase revenue



ability to innovate & offer new products and services

Regional & Global Gains

- ▶ Level the playing field & improve inclusivity
- ▶ Distribute gains from trade more broadly
- ▶ Invigorate global economy by unlocking MSMEs' potential
- ▶ Wider dissemination of codes of conduct & best practices
- ▶ Increase overall sustainability in trade



Consumers may also benefit due to the wider variety of available goods and services.

Barriers to implementation



time and cash

digital divide

infrastructure-
related
challenges

security and
privacy

imbalances in
market power

What can be done?

Private Sector

- Software solutions that are easy to adopt & meet MSME needs
- Collaborate with government, int'l organizations to kickstart digitalization

Governments

- Targeted programs for MSMEs (e.g. subsidies, trainings, partnerships)
- Establish MSME-friendly business environment (e.g. fair competition, cybersecurity, access to financing)

Intergovernmental Organizations

- Promote regional cooperation
- Develop frameworks, roadmaps & toolboxes
- Support standards development

Thank you!

Contact Information

If you have any further questions or feedback, please contact:

Megumi Aikawa – megumi@wcore.com
Takahiro Nakamura – takan@wcore.com
Chimdi Obienu – chimdi@wcore.com