



International
Trade
Centre

TRADE IMPACT
FOR GOOD

Trade facilitation and MSMEs

Date: 27 June 2018, WTO, Geneva

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Trade Centre



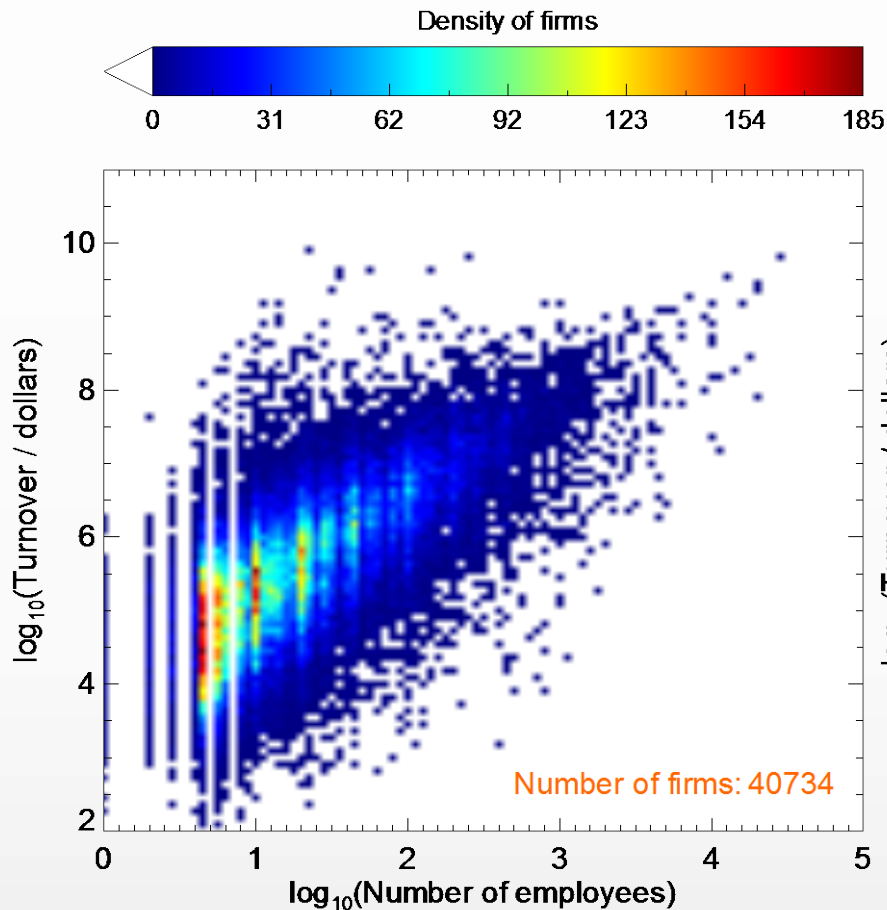
Storyline

- Trade costs: a bigger obstacle for smaller firms
- Elements of trade costs:
 - Information costs
 - Burdensome procedures
 - Costly logistics
- Trade facilitation contributes to reducing SME competitiveness gap

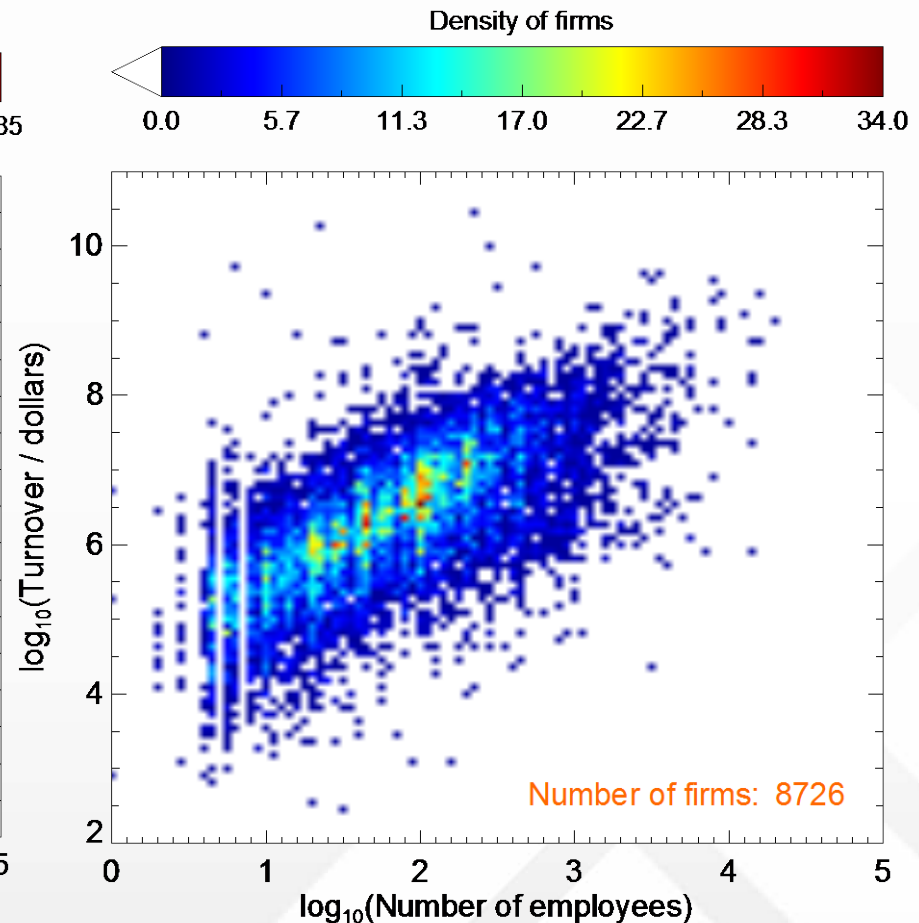
Trade costs: a bigger obstacles for smaller firms

Turnover versus firm size: exporting status

Non exporters



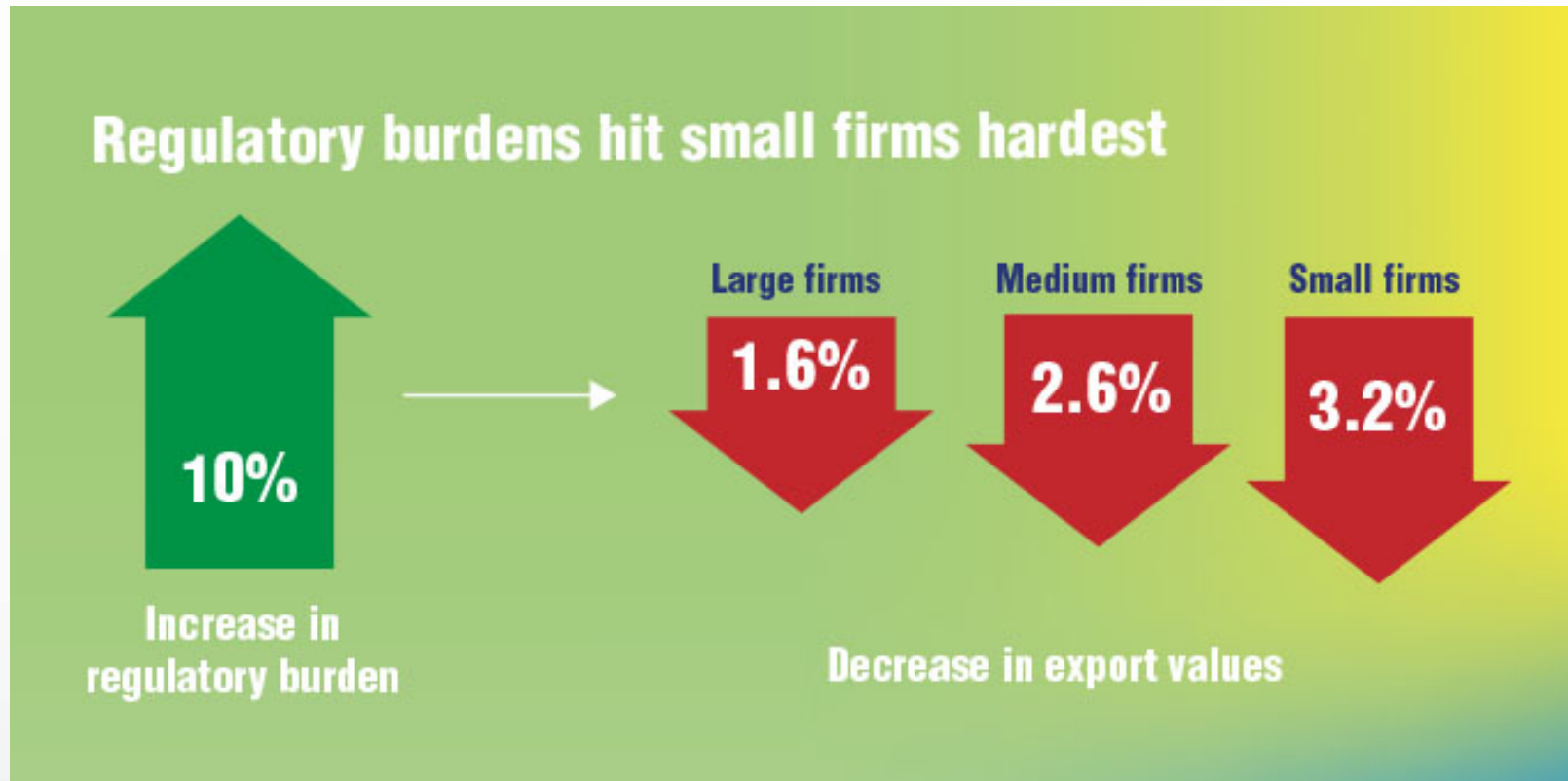
Exporters



Source: OCE calculations from World Bank ES dataset

*'Exporter' is defined as a firm with 10% or more of sales exported (direct plus indirect)

Example: Regulatory burdens hit small firms twice as hard as large firms

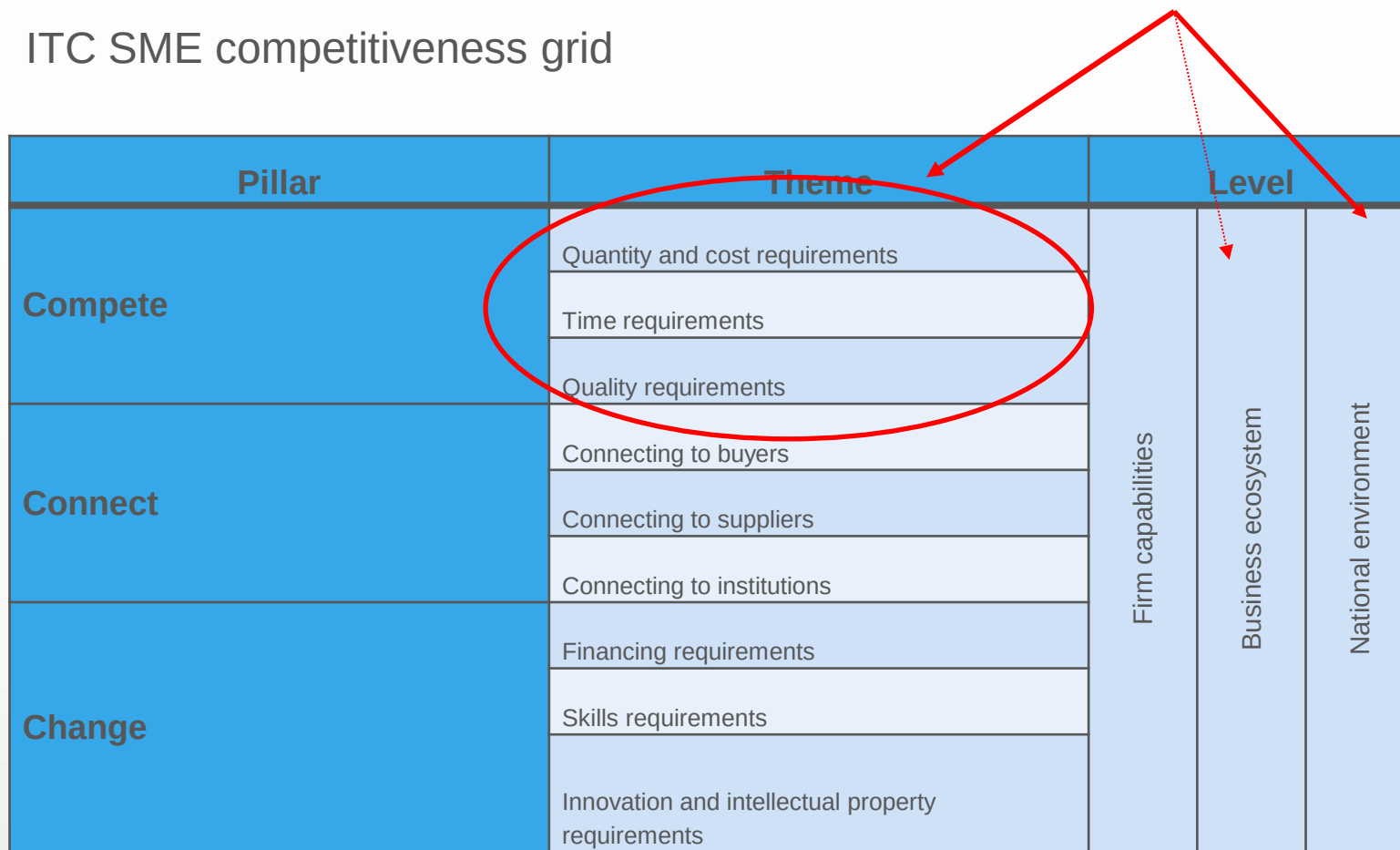


What can be done to facilitate internationalization of MSMEs?

Information is a key element across pillars and levels

Trade Facilitation

ITC SME competitiveness grid

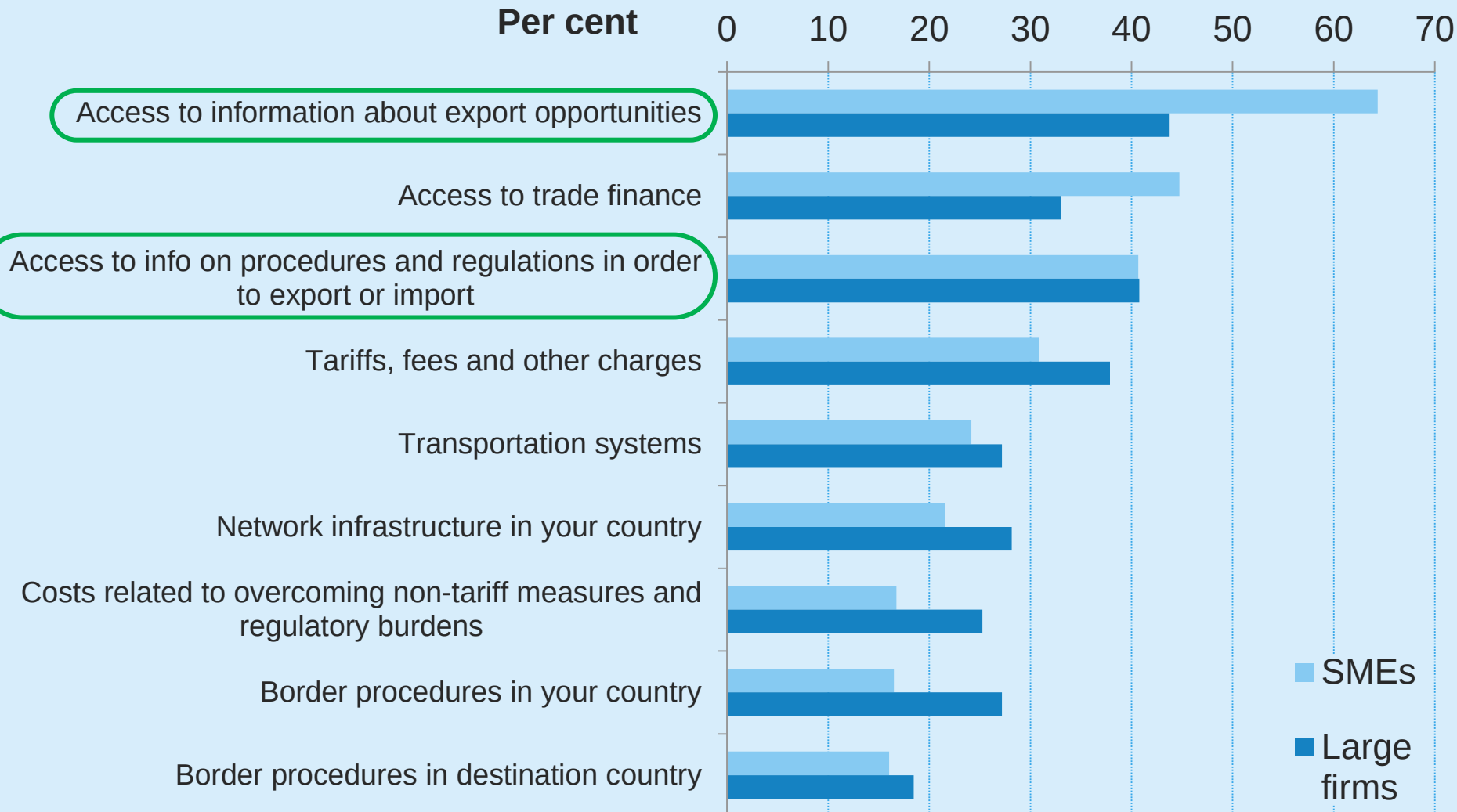


Pillar	Theme	Level		
Compete	Quantity and cost requirements	Firm capabilities	Business ecosystem	National environment
	Time requirements			
	Quality requirements			
Connect	Connecting to buyers			
	Connecting to suppliers			
	Connecting to institutions			
Change	Financing requirements			
	Skills requirements			
	Innovation and intellectual property requirements			

Quick win: increase access to information

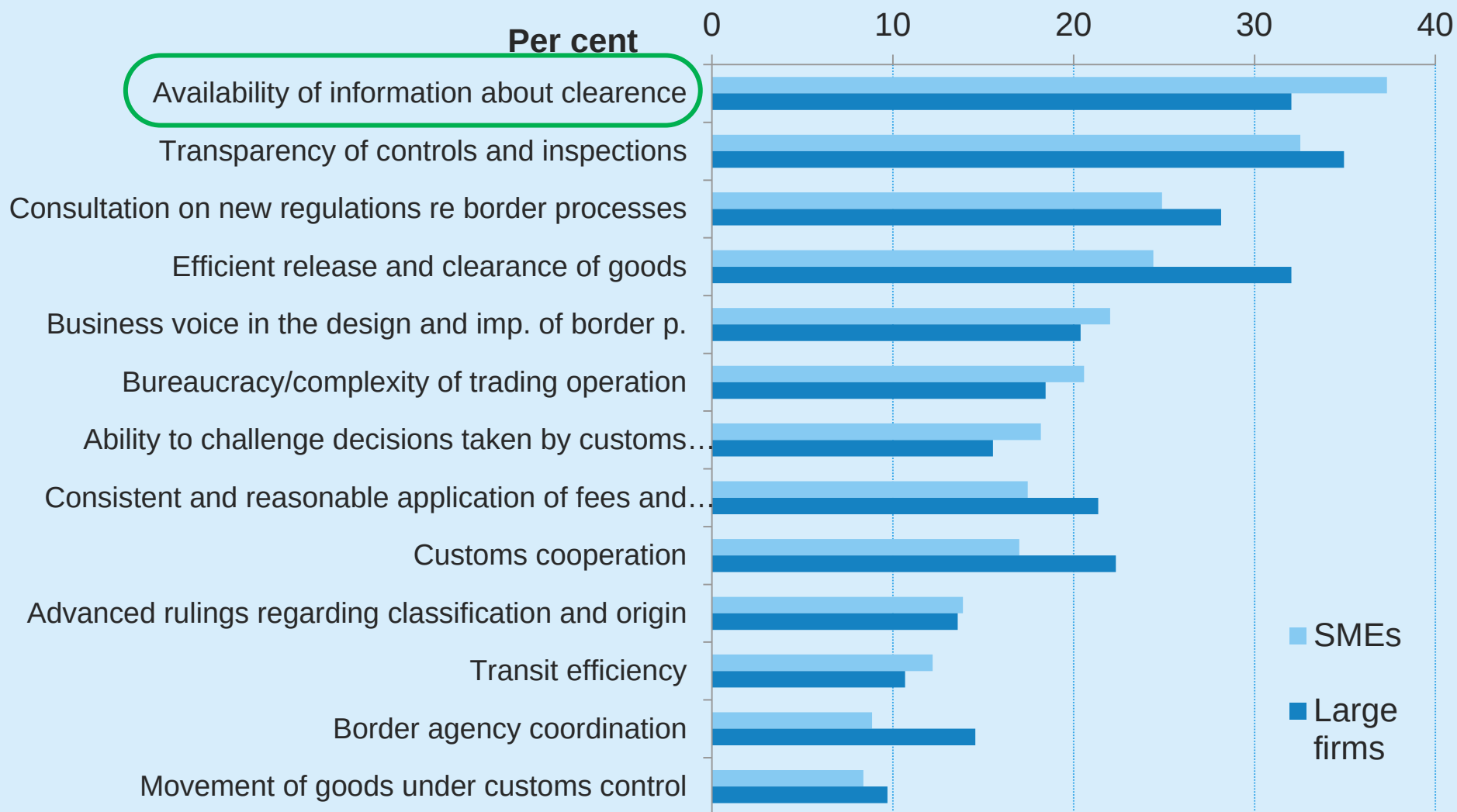
Information on procedures (AfTGR: ITC Monitoring Survey 2015)

What are the three factors in which firms would most value improvements

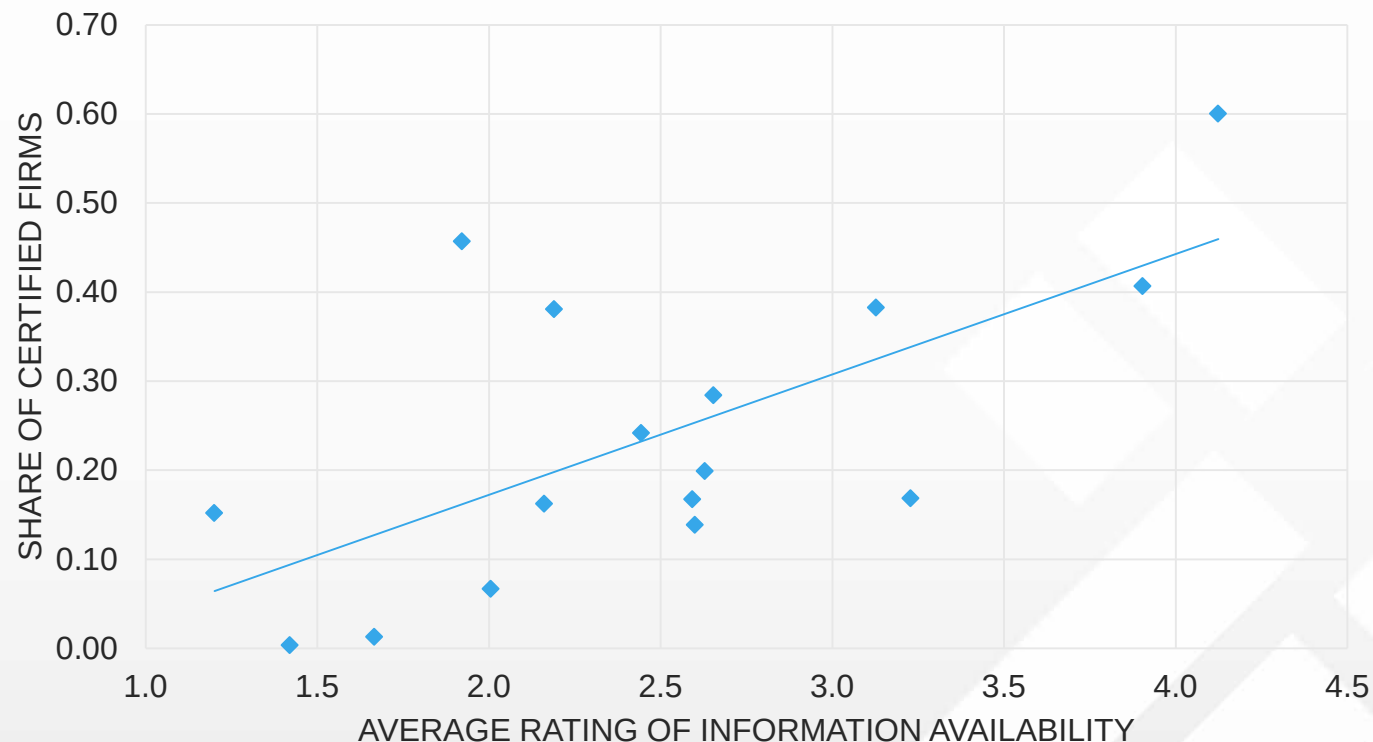


Information on procedures (AfTGR: ITC Monitoring Survey 2015)

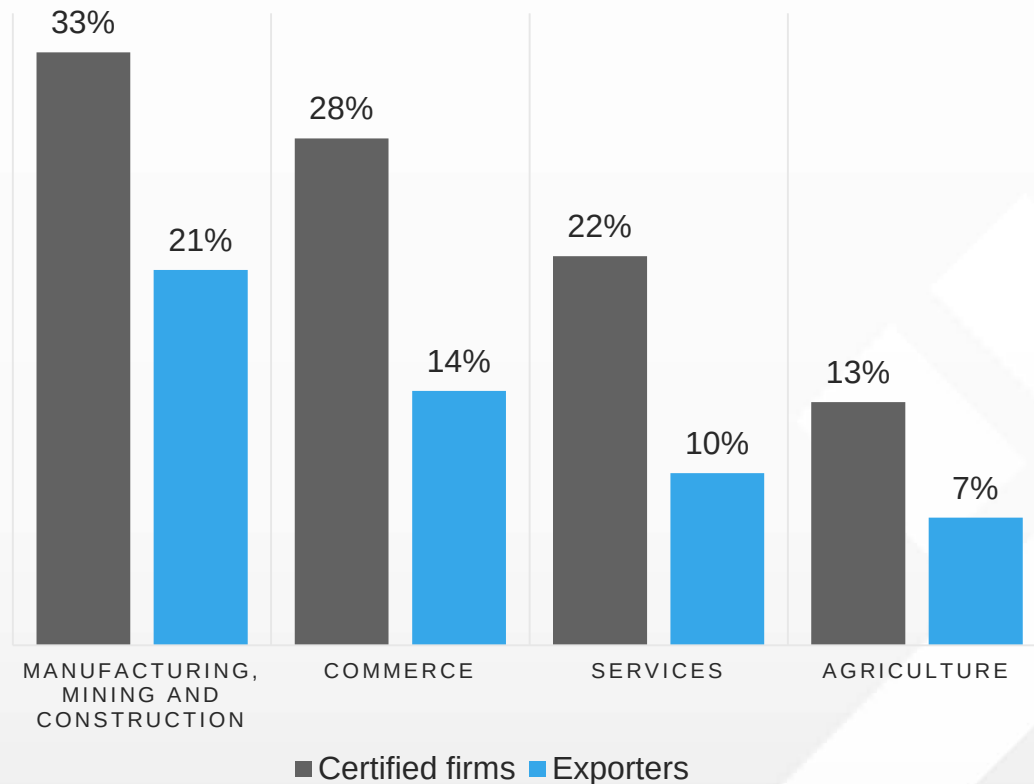
What are the three factors related to border procedures in which you would most value improvements



Information on standards and regulations (‘quality requirements’): Share of certified firms increases with information availability

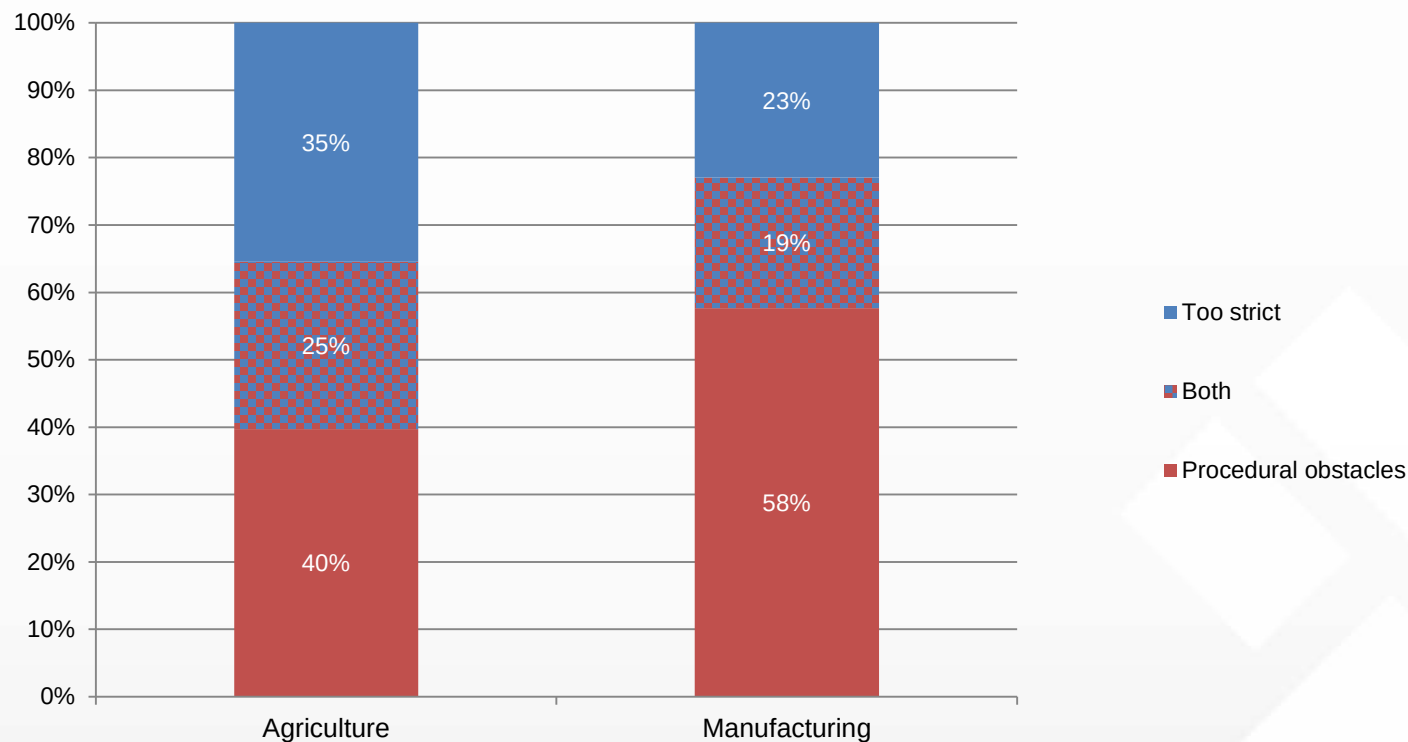


Sectors with higher shares of exporting firms also have higher shares of certified firms



Reduce procedural obstacles

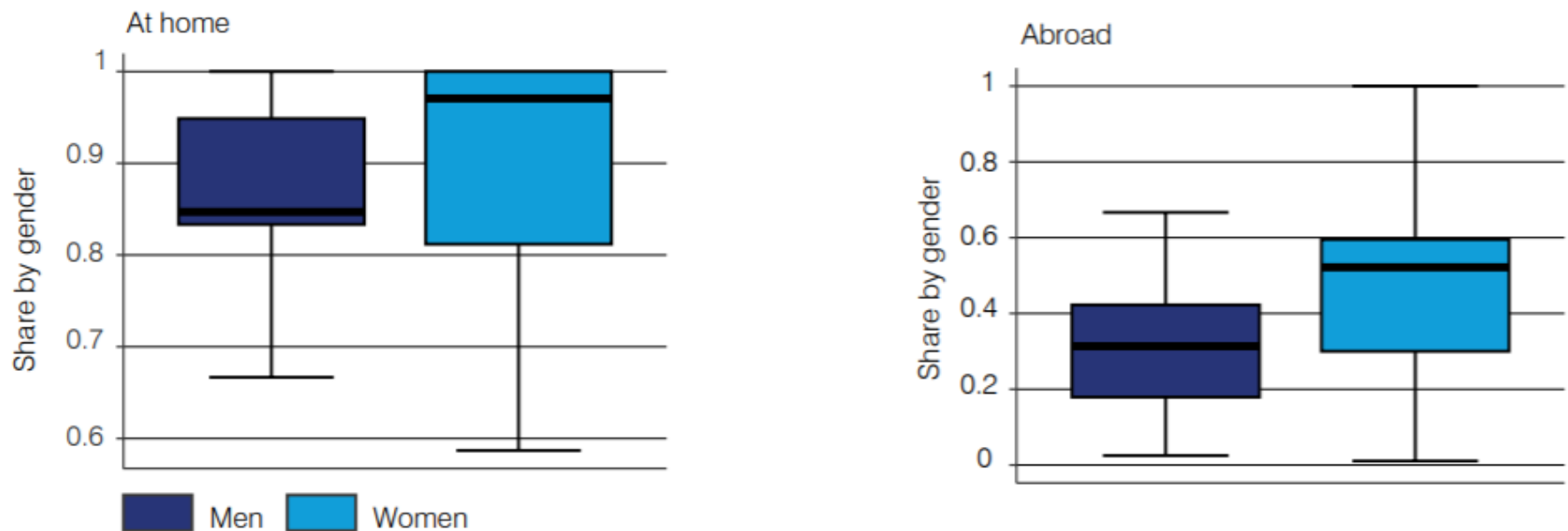
Reasons for making NTMs burdensome for exporters, by sector



ITC Business Survey on NTMs

Procedural obstacles may discriminate

Share of procedural obstacles at home and abroad, by gender



Note: The box plot shows the distribution of the share of burdensome procedural obstacles in terms of quartiles at home and by the partner country. A transaction is a firm–product–partner combination.

Source: ITC calculations based on ITC Business Survey on NTMs (2016).

Logistics: increasingly key for competitiveness

Firms from developing countries are more affected

Logistic costs are higher in developing countries



26%

IN DEVELOPING COUNTRIES



14%

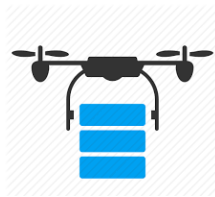
IN DEVELOPED COUNTRIES

The share of logistic cost over final price is **nearly double** in developing countries.



Will new technologies help?

**New
technologies**



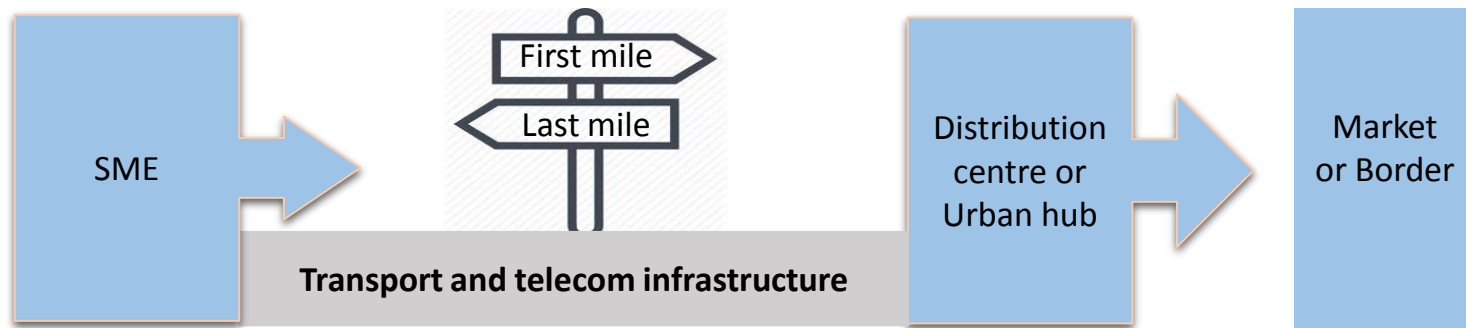
Old questions



Who pays?



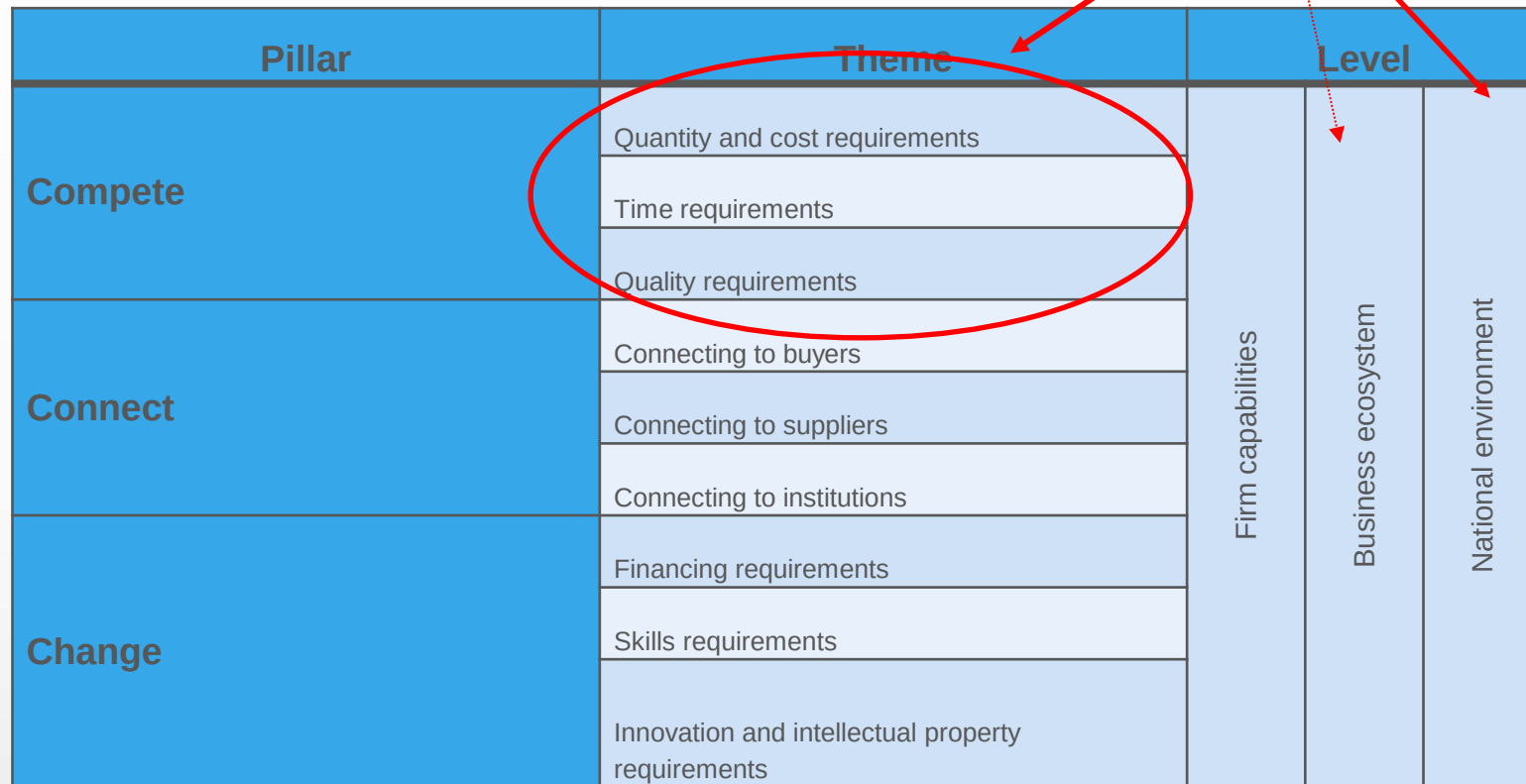
Who takes responsibility?



Trade Facilitation: A contribution to closing the competitiveness gap

Trade Facilitation: reduce information cost, procedural costs and potentially logistics costs => to meet cost, time and quality requirements

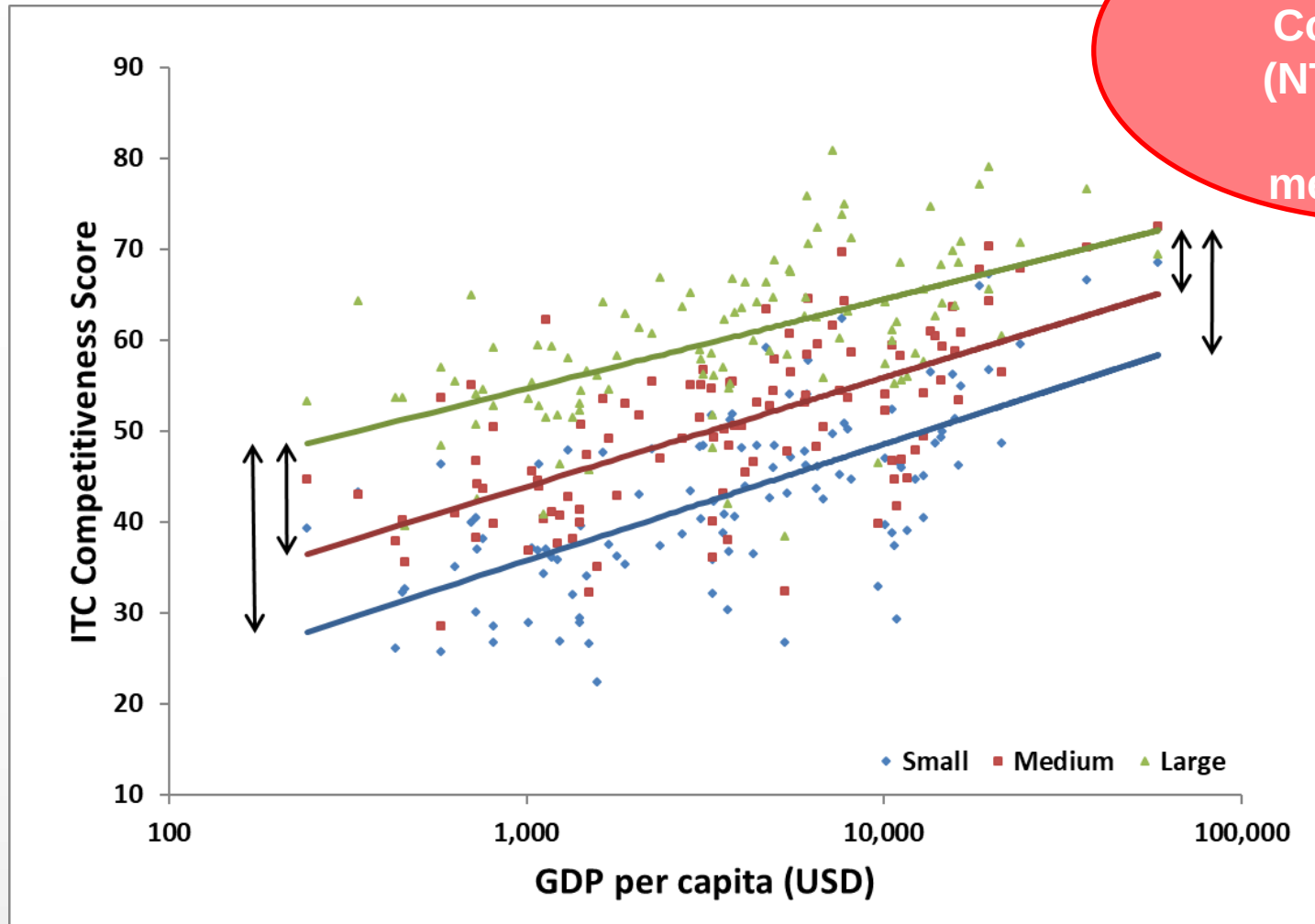
ITC SME competitiveness grid



The diagram shows the ITC SME competitiveness grid. A red oval highlights the 'Theme' column for the 'Compete' pillar, specifically the first three rows: 'Quantity and cost requirements', 'Time requirements', and 'Quality requirements'. A red arrow points from the top of the grid to the 'Theme' header, and another red arrow points from the top to the 'Level' header. A dotted red arrow points from the top of the grid to the 'Business ecosystem' level.

Pillar	Theme	Level		
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Trade Facilitation: A contribution to closing the competitiveness gap



National Trade Facilitation Committees (NTFCs) with MSME membership

MSMEs@ITC

