

MSME and gender issues must be kept apart from WTO rules

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The 13th Ministerial Conference of the World Trade Organization (WTO) at Abu Dhabi, scheduled for 26-29 February, will discuss, among other issues, how the WTO can become more relevant for micro, small and medium enterprises (MSMEs) and businesses run by women. Informal working groups on both MSMEs and gender were launched at the 11th ministerial in 2017. Since then, each group has come up with reports and is working towards more concrete outcomes.

India has stayed out of both groups, reasoning that these issues are not part of the WTO's mandate, and that its members should instead focus on unfinished business of the WTO, including matters that impact food security and trade in services and goods. India rightly has misgivings over the non-trade nature of those two subjects. This needs a careful understanding.

To state the obvious, the objective of international trade is to ensure benefits for all sections of society within each trading country, not just large corporations. For trade to be truly meaningful, it has to achieve gains for the smallest of SMEs and small entrepreneurs, both women and men, and specific groups such as farmers and factory workers. Yet, the reality of international trade has not lived up to that objective. As the United Nations Conference on

Trade and Development (UNCTAD) noted in its 2018 Trade and Development Report, the problem with trade in both advanced and developing countries is that it has only resulted in a “world of unchecked monopoly power, financial speculation, booms and busts, and rising inequality.”

Discussions to make trade more inclusive, therefore, are paramount. The key question, however, is whether that discussion is an issue for domestic policy or for international rule-making. It is incumbent on every WTO member to ensure that the benefits of trade are accessible to all sections of its economy. From the lens of trade policymaking in India, for instance, the 2023 Foreign Trade Policy had three standout features: (a) a district export action plan in each district of India to identify and incentivize products for export; (b) the promotion of e-commerce through ‘Dak Ghar Niryat Kendras’ to enable artisans, weavers, craftsmen and MSMEs in the hinterland and land-locked regions to reach international markets; (c) trade facilitation for MSMEs, including lower charges for various schemes, preferential customs treatment and quick dispute resolution.

All these are excellent ways to enhance the role of MSMEs in trade, with women entrepreneurs among the beneficiaries. At the international level, initiatives such as the Global Trade Helpdesk launched by ITC, UNCTAD and WTO—an online platform that simplifies market research—is also a useful resource for MSMEs. Similarly, the WTO’s Technical Assistance Plan for 2018-19 incorporated a module on trade and gender, whose objective was to focus on trade policy with the aim of raising awareness and enhancing the aptitude of policymakers to incorporate gender considerations in their analysis and trade policy development or negotiations.

These are welcome initiatives that WTO members can benefit from. However, it is crucial to bear in mind that there can never be a one-size-fits all response to address issues relating to MSMEs or gender in trade. The reason is simple: What is an MSME differs from country-to-country. For example, a small enterprise in India is likely to be a micro enterprise for the EU, and a small enterprise for the EU is likely to be a large one for India, falling out of its definition of an MSME. Hence, preferential treatment for an MSME in India cannot be extended to an MSME as per the definition of another country seeking Indian market access.

This holds true for any women-driven enterprise; addressing gender imbalances in access to economic opportunities, such as preferential access to credit, is an issue that needs to be addressed within a country. The global rules of trade have little role here. Sharing of experiences and best practices could be helpful. But it is crucial to be wary of any rule-making that translates into market access commitments, or any intrusion into regulatory approaches within countries under the cover of regulatory harmonization. That may upend the stated objective through the marginalization of a country’s own MSMEs and women entrepreneurs.

The recent G20 New Delhi Declaration focused on the need to address access to information for MSMEs, advancing financial inclusion and implementing gender-responsive policies to enable inclusive integration in international trade. The WTO can also consider workshops and virtual platforms for sharing information. But beyond this, investing the limited negotiation capital of members and its secretariat's resources in issues related to MSMEs and gender would be a diversion from key trade issues.

We are living in a world characterized by a significant trust deficit in the legal and institutional framework governing world trade. Contrary to its promise, trade liberalization has not really worked for all. The WTO, however, is not a magic wand that can resolve all that ails trade. In particular, issues affecting MSMEs and women in trade are best addressed by each country within the context of its economic realities and legal frameworks. These cannot and should not be the subject of international trade rules, which, by definition, can only deal with terms of market access for goods and services across national borders.

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