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WHITE BLACK LEGAL is an open access, peer-reviewed and refereed journal provided dedicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

“MSMES ASSOCIATED PROVISIONS IN FREE TRADE AGREEMENTS – A CRITICAL ANALYSIS OF INDIA’S STRATEGIC ROADMAP”

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Abstract

MSMEs play a crucial role in India's economic landscape, contributing significantly to employment, industrial output, and exports. However, their participation in global trade remains limited due to challenges such as inadequate access to trade-related information, regulatory barriers, and weak business networks. Free Trade Agreements (FTAs) can serve as a vital tool to facilitate the integration of SMEs into international markets, yet India's trade agreements have largely overlooked dedicated SME provisions. This study examines SME-related clauses in over 60 trade agreements, focusing on India's approach compared to global counterparts. The findings reveal that only 33 agreements explicitly incorporate SME provisions, primarily in the form of cooperation clauses, transparency measures, and limited exemptions. While cooperation-focused provisions are common, they often lack binding commitments. Transparency measures, although present in some FTAs, remain minimal in India's agreements, particularly in comparison to more progressive FTAs signed by other nations. Exemptions benefiting SMEs are rare, with only two instances found in India's trade agreements. The paper underscores the need for a more structured and enforceable approach in India's FTA negotiations, advocating for dedicated SME chapters, enhanced information access, and targeted trade facilitation measures to foster SME growth in the global economy.

1. Introduction

“Micro, small and medium enterprises” (MSMEs) form the backbone of India's economy. These enterprises collectively account for nearly one-third of the country's gross domestic output. MSMEs play a crucial role in global trade, accounting for almost 50 percent of total exports worldwide. Despite their significant contribution to the economy, the sector has experienced a decline in its growth rate over the years. As per data from the Ministry of MSME

July, 2024, the number of MSMEs registered on the Udyam portal has reached to 4,77 Crore with continuous growth observed. MSMEs development and consistent performance are essential to the livelihoods of many individuals. There is need of innovative resolution of their current issues and innovative strategies to promote their expedited involvement in economic progress. A plan for their resurrection, sustenance, and expansion must not exclude chances of any kind, whether domestic or international. The internal and outward growth of small enterprises is inherently complimentary. A robust performance in the domestic market will facilitate their ability to seize international business opportunities, while success on the global stage will yield benefits for other small domestic firms, thereby improving their market prospects through expansion.

The government acknowledges MSMEs as a primary source of employment and recognises their significance for socioeconomic factors, including poverty alleviation and equitable wealth distribution. Udyami Bharat-MSME Day' theme for 2025 focusses on Enhancing the role of MSMEs as driver of sustainable growth with its contribution to 30 % of GDP and over 45% of Exports. MSMEs are second largest employers of India after Agriculture sector There is need to address their distinct demands that beyond the typical concerns of credit and financial access. The potential for increased demand is associated with the implementation of competitiveness strategies, especially in emerging countries, which often entails wage suppression that undermines domestic demand (United Nations, 2022 and 2023).

Govt must investigate other avenues for using locally produced goods, thereby requiring the identification of international demand prospects via trade integration. Notably, the majority of MSME exporters in India function via export houses. This is further shown by the low percentage of registered MSME exporters, highlighting the obstacles to internationalisation. This indicates their notably restricted understanding of trade-related processes, including paperwork, as well as the presence and type of non-tariff barriers (NTBs) affecting their goods. Understanding quality standards and regulations is essential for market diversification and reducing shipment rejections. The advantages of endorsing business programs, especially with the prospective gains from trade agreements, have been thoroughly established by prior research. Cheong (2024) emphasises the importance of supporting business programs and workshops—articulating the advantages of free trade agreements (FTAs), disseminating pertinent information, and establishing portals and expos in partner nations—in substantially enhancing FTA utilisation. As a result, the FTA utilisation ratio in Korea significantly

increased from 20 percent prior to 2023 to 70 percent in 2024 for the Korea-US and EU-Korea FTAs established after the interventions. An analogous strategy may also enhance the trade utilisation of India's FTAs, which now exhibit poor utilisation rates of 35 percent for exports and 50 percent for imports (Anukoonwattaka and Lobo, 2024). Policies that promote knowledge and efficient utilisation of multilateral trade agreements would enhance the competitiveness of MSMEs in global markets (GOI-CII, 2023). Since demands vary by region and market, it is essential that the exporter(s) understand the differences and follow the rules. Access to the exchange of information, visibility, and the interconnection of corporate networks are additional problems that MSMEs face. Because of the pandemic problem, these worries have grown, and finding long-term, effective solutions for MSMEs is now more important than ever. In addition, it is crucial to have up-to-date information on the ever-changing market compliance measures. This is because, as the world recovers from the pandemic, governments are becoming more protectionist and are imposing stricter regulations to lessen the impact of trade agreements on employment and the environment.

Access to trade-related information is often obtained via digital sources. The digital competitiveness of India necessitates vigilance (IMD, 2022; ESCAP, 2024). Given the relatively low internet penetration in the broader economy, it is reasonable to assert that small and medium firms (SMEs) have more limitations in information access compared to major corporations. Moreover, information, although being available, is not always comprehensively comprehended owing to the intricate nature of textual and linguistic challenges. Goh (2015) further asserts that the primary issue of SMEs is comprehending technical norms and standards, among other factors. In India, the promotion of SME exports using digital technology is hindered by inadequate connection, the absence of a safe and universal payment platform, language obstacles, and insufficient market knowledge about potential markets (GOI-CII, 2023). The widespread knowledge gap and absence of business connections among MSMEs effectively hinder their direct engagement in trade, hence constraining demand potential. The promotion of trade for MSMEs is seen as a critical domain for government involvement via the negotiation of FTAs and PTAs to attain the new normal (Ernst and Young, 2024). Since the smaller businesses are more vulnerable to disturbances in trade, an endeavour to smoothen their international participation via the trade channel also helps to sustainable development objectives through greater income prospects in the lower quartiles.

Previous research on Indian SMEs has highlighted issues with the adverse growth of exports,

a diminishing relevance of sector-specific SME exports within overall sector exports, and a mostly static composition of SME exports (Das, 2021). A lot of efforts are required to overcome the prevailing issues related to the globalisation of Indian SMEs.

The OECD recognises that several pertinent and modern problems concerning SMEs can only be tackled alongside survey-based research that reflects the responses of individual enterprises. The severity of the data issue has intensified owing to the inadequate dependability of real-time information in the post-pandemic era, since several small and medium-sized enterprises (SMEs) are abundant but diminutive, with many having ceased operations. Moreover, in India, the acquisition of real-time data on SMEs, especially concerning their participation in international trade, is limited by the scope of existing data on the SME sector, which relies on the 73rd round of the National Sample Survey that fails to address the pertinent issues discussed here.

Given the lack of statistical data regarding the extent to which Indian SMEs have integrated into global markets through FTAs and the growing focus on enhancing their role both domestically and internationally, this study examines the SME-specific clauses embedded in trade agreements signed by various nations, including India. By adopting a comparative methodology, this paper highlights the distinct strategies employed by India in contrast to other countries. While the presence of SME-related provisions in FTAs does not automatically translate into enhanced business prospects, recognising their inclusion within trade agreements remains significant. The comparative analysis further underscores the variations in India's approach to fostering SME participation relative to international counterparts.

The research paper undertakes a comprehensive evaluation of the provisions concerning small and medium enterprises (SMEs) within free trade agreements (FTAs), focusing on the following core aspects:

How frequently do FTAs incorporate provisions addressing SME-related concerns?

Do these clauses impose binding obligations, or are they merely aspirational in nature?

To what extent have SMEs been given due recognition and representation in India's trade agreements?

What degree of policy flexibility is afforded to SMEs within the current framework of FTAs?

The central aim of this study is to enhance awareness regarding the necessity of fostering SME participation in global trade through targeted provisions in trade agreements. It advocates for

the inclusion of SME-centric considerations in the negotiation and renegotiation of FTAs. The paper also highlights the need for strategies to overcome existing barriers, particularly those related to inadequate access to information and the lack of strong business networks, which hinder SMEs from engaging effectively in international trade.

2. Problems Faced by SMEs When Venturing into Foreign Markets

For small and medium-sized enterprises (SMEs), the most studied challenge is access to capital. Policy and research have paid little attention to non-credit variables affecting SMEs, such as limited access to business networks, a lack of marketing data, and an inadequate grasp of international markets. In an effort to meet the demands of external markets, these obstacles are expected to become increasingly severe. The export orientation of SMEs may be improved by governmental policy assistance (Pradhan and Das, 2012). Smaller firms need further assistance due to their inherent disadvantages related to size. Even in established areas such as the EU, SMEs find it difficult to get information that covers the laws and regulations related to their exports to the US (European Commission, 2014). Stressing the information and network benefits, the reinforcement of FTAs for the SMEs has been advised not only because of the gain from larger exports but also to acquire parts and components essential for their manufacturing (Inkyo and Jungran, 2009).

A well-documented challenge in the business sector, particularly for small and medium-sized enterprises (SMEs), is the detrimental effect of an information gap. Even in economically advanced regions like the European Union, SMEs struggle to obtain comprehensive and up-to-date knowledge about regulatory frameworks governing exports to markets such as the United States (European Commission, 2014). Such asymmetry in access to vital information creates structural disadvantages, impeding inclusive economic growth and limiting opportunities for smaller enterprises operating at the base of the commercial hierarchy.

Governments in the Global South have implemented policies to enhance local business capabilities and trade engagement, such as the African Continental Free Trade Agreement (AfCFTA), which focuses on indigenous enterprises' products, particularly in the healthcare sector. This initiative aims to promote domestic producer economic strength and self-reliance. Business intelligence also involves exposure to strategic trade networks, especially during emergencies. During the COVID-19 pandemic the BVMW together with FICCI arranged to

buy oxygen concentrators which supported India's healthcare facilities. Small and medium enterprises demonstrate that alliances between foreign countries can help them manage crises effectively. Small and medium enterprises face difficulties in enhancing marketing abilities because they lack both sufficient professionals and financial money which reduces their capabilities to attract specialized marketing staff. The cost expenditures faced by large corporations do not affect their individual unit profits but SMEs face limitations in achieving economies of scale.

Acquiring critical market data and organizational information proves costly to small and medium enterprises when they try to grow their business operations. Small enterprises bear higher expenses for valuable information acquisition because the costs remain steady no matter how big the organization is. Thus, they spend more per product unit than larger competitors. SMEs experience competitive difficulties because market research along with strategic expansion require substantial funding which creates an unbalanced financial state. SMEs encounter greater competitive obstacles from established enterprises because they lack affordable access to complete data resources. The distribution of market-related data to SME businesses helps eliminate their information deficiencies. The challenges faced by SMEs in entering new markets are further supported by the results of an “export coaching program” (ECP) for SMEs, including those from India. “Small and medium-sized enterprises” (SMEs) have identified 'insufficient business relationships' and 'deficient market knowledge' as the primary obstacles to increased exports to the EU (Vonk et al., 2025).

Small and medium enterprises often avoid international markets due to limited knowledge about foreign rules and regulations, but they still struggle to join government export assistance programs or reach international customers. Acceptance of Global Value Chains (GVCs) is difficult for them due to the need for extensive knowledge and extra costs during implementation. The knowledge gap in SME understanding of relevant standards has widened due to insufficient understanding of "Ethical Trade Imperatives" (ETI), which impose more compliance requirements. In the UK, small and micro enterprises face difficulties understanding origin rules procedures due to legal barriers. The EU has dedicated attention to SMEs through Free Trade Agreements, but India needs to incorporate specific provisions that benefit SMEs in future negotiations.

3. MSME Related Provisions in Trade Agreements⁷

The study conducts a comparative analysis of small and medium-sized enterprise (SME) provisions in various trade agreements, offering insights into mechanisms that address existing deficiencies through renegotiations and leverage distinctive features found in contemporary agreements. To evaluate how different countries integrate SME-related measures, the research examines numerous trade treaties involving India as a signatory.

Given India's ongoing negotiations with potential future trade partners—Chile and Peru—this study incorporates their existing agreements to assess how SME provisions are structured within these frameworks. Additionally, to provide a broader perspective, the research explores agreements signed by Chile and Peru with third-party nations, examining how these countries have facilitated SME growth and support mechanisms in their external trade pacts.

Vietnam emerges as a significant point of analysis due to its high concentration of SMEs. Therefore, this paper reviews trade agreements where Vietnam is a partner, focusing on SME-specific clauses that contribute to the country's economic landscape. Furthermore, to provide a comprehensive outlook, the study includes an evaluation of two major trade frameworks: the “Comprehensive and Progressive Agreement for Trans-Pacific Partnership” (CPTPP) and the “North American Free Trade Agreement” (NAFTA).

Recognizing the importance of modern trade frameworks, the research also considers the recent “EU-Vietnam Free Trade Agreement” (EVFTA), which exemplifies contemporary trade policies supporting SMEs. Alongside this, two additional recent-generation agreements are analysed to highlight evolving trends in SME-related provisions. The analysis spans over 60 trade agreements, allowing for a detailed comparison of the extent and nature of SME provisions across different jurisdictions. The findings, as presented in Table 1, categorize the levels of SME support and the scope of their inclusion in these agreements, providing valuable insights into how trade treaties can enhance SME participation in global markets.

Table 1: MSME Related Provisions, Select Trade Agreements

<i>SN. Partner country</i>	<i>Nature of agreement</i>	<i>SME related Level/ Scope of commitment provisions</i>
<i>“India as a partner country</i>		
1 India-ASEAN	FTA & EIA	Article 6, Annex Agree to strengthen cooperation, wherever C appropriate
2 India-Japan	FTA & EIA	Article 129 Mutually agreed basis, subject to the laws, regulation and availability of funds
3 India-Korea	FTA & EIA	Article 13.5, Expression of intent through use of shall in the text Annex I
4 India-Malaysia	FTA & EIA	Article 11.2 Expression of intent through use of shall in the text
5 India-Nepal	PSA	with reference to Conditional to certification Article V
6 India-SAFTA	FTA	Annex II For promotion of SMEs engaged in production for exports
7 India-Thailand	PSA	Article 6 Expression of intent through use of shall in the text
<i>Chile as a partner country</i>		
8 Chile-Australia	FTA & EIA	Article 15.24, 18.2 Possibility of cooperation on SMEs as expressed through use of may in the text
9 Chile-Brunei Darussalam, New Zealand and Singapore	FTA & EIA	Article 16.4 Encourage and facilitate, as appropriate

10 Chile-China	FTA & EIA	Article 109 under Chapter 13	Expression of intent through use of shall in the text
11 Chile-Columbia	FTA & EIA	Article 12.5, 19.1 ^{&}	Recognition of importance
12 Chile-EFT*	FTA & EIA	Article 67	Endeavour to the extent possible
13 Chile-European Community	FTA & EIA	Article 19,44	Promote a favourable environment
14 Chile-Indonesia	FTA	Article 9.1, 9.4	Where necessary and appropriate, and in accordance with the respective laws and regulations
15 Chile-Malaysia	FTA	Article 9.3	Strengthen cooperation in others parts of the Agreement
16 Chile-US	FTA & EIA	Article 9.18, 15.5	Ecommerce
17 Chile-Vietnam	FTA	Article 9.3	Complement cooperation in others parts of the Agreement
<i>Peru as a partner country</i>			
18 Peru-China	FTA & EIA	Article 155	Promote a favourable environment under Chapter 12
19 Peru-EFTA	FTA	Article 7.29, 7.30	Endeavour cooperation
20 Peru-Japan	FTA & EIA	Article 166	Cooperation on mutually agreed terms under Chapter 10
21 Peru-Korea	FTA & EIA	Article 14.9, 16.17, 16.18, 20.4	Endeavour in recognition of the importance

22 Peru-US	FTA & EIA	Article 9.15, 17.6, Endeavour in recognition of the importance 20.1
<i>Vietnam as a partner country</i>		
23 ASEAN-China	FTA & EIA	Section D Agreed to explore and undertake, on the basis of mutual benefit
24 ASEAN-Japan	FTA	Article 53 Subject to availability of resources, and in accordance with their respective laws and regulations
25 ASEAN-Korea	FTA & EIA	Article 3 Expression of intent through use of shall in the text
26 ASEAN-New Zealand, Australia	FTA & EIA	Article 9 Expression of intent through use of shall in the text
27 Vietnam-Eurasian Economic Union	FTA & EIA	Article 10.1 Endeavour
28 Vietnam-Japan	FTA & EIA	Article 111 Where necessary and appropriate, and in accordance with the respective laws and regulations, subject to availability of funds
<i>Mega block agreements</i>		
29 CPTPP*	FTA & EIA	Chapter 24 Endeavour
30 NAFTA	FTA & EIA	Article 1021 under Chapter 10 Expression of intent through use of shall in the text
31 Australia-Hong Kong	FTA	Article 11.1, 16.6 Expression of intent through use of shall in the text
32 EU- Singapore	FTA	Article 6.6, 13.2 Expression of intent through use of shall in the text
33 EU-Vietnam	FTA	Article 4.5, 10.4, 14.1, 16.2 Expression of intent through use of shall in the text; where appropriate”

The rules concerning SMEs in Regional Trade Agreements (RTAs) are often classified into categories of collaboration, exceptions/exemptions, and transparency. However, mention to SMEs has also been made under other sections. The requirements for collaboration, exclusions, and openness are not inherently mutually incompatible within the agreement's wording, since there are situations when several provisions are acknowledged simultaneously. The predominant provision is collaboration, followed by transparency measures, whilst the use of exceptions is the least common. Twenty-five of the thirty-three agreements included in Table 1 reference cooperative measures, while transparency measures are noted in eighteen agreements, with just two agreements indicating exclusions or exceptions.

3.1 Provisions for cooperation

Strategic programs are designed to help small and medium-sized enterprises (SMEs) improve their market standing. These programs include extensive training schemes for owners, educational programs to develop entrepreneurial competencies, and the establishment of entrepreneurial platforms to promote networking opportunities. These platforms facilitate the exchange of industry innovative practices and operational methods, fostering a climate for continuous advancement. The government also focuses on resolving challenges from e-commerce and enabling SMEs to access international markets through a broader customer reach.

Government initiatives aim to enhance procurement procedures for both parties involved, allowing SMEs to participate in public sector competitive bidding and create additional business prospects. Business engagements are supported through symposiums, trade fairs, and forums, which provide platforms for businesses to display products, connect with potential financiers, and track industry trends. Capital inflows and new innovations further support SMEs' competitiveness, leading to sustained business growth. Overall, these programs aim to help SMEs grow and thrive in the competitive market.

The India-ASEAN FTA designates SMEs as a focal point for collaboration. Collaboration may be pursued 'when suitable' for human resource development and training in IT and ICT, but it is not mandatory. The "India-Japan Comprehensive Economic Partnership Agreement" (CEPA) designates "small and medium-sized enterprises" (SMEs) as an area of collaboration. The India-SAFTA ("Agreement on South Asian Free Trade Area") includes provisions for "small and medium enterprises" (SMEs). Exports of SMEs from the least developed member

nations in the SAFTA area are facilitated by technical assistance and the enhancement of entrepreneurial skills. The India-Korea FTA acknowledges the essential contribution of SMEs and establishes provisions for cooperation by promoting investment flows, collaboration, and the exchange of best practices in management, talent development, technology transfer, and access to financial and technical support. In addition, sponsorship may be sought via hosting of fairs and exhibits. The agreement encourages the exchange of development experiences on SME policy. The India-Malaysia FTA emphasises the significance of various types of collaboration with SMEs, which would be identified and deliberated by a sub-committee on economic cooperation. India's limited scope agreement with Thailand facilitates cooperation on small and medium-sized enterprises (SMEs).

Nevertheless, several other agreements, including India as a participant, like the "Asia-Pacific Trade Agreement (APTA), Global System of Trade Preferences (GSTP), SAARC Preferential Trading Arrangement (SAPTA)", and those with Afghanistan, Bhutan, Sri Lanka, MERCOSUR, and Chile, do not address SMEs.

The Chile-Vietnam Free Trade Agreement incorporates measurements that support small and medium-sized enterprises by enabling business cooperation and capacity growth. SMEs benefit from the Chile-China agreement and Peru-China agreement by exchanging business insights and creating productive affiliate programs while providing market comprehension training and procedural information access support and technology transfer programs for productivity growth. The framework for collaboration includes exporting events together with business networking opportunities as well as facilitating meetings between stakeholders and creating various projects and workshops.

The European Community FTA promotes SME collaboration through information infrastructure development combined with financial backing and innovation programs and social development programs that generate employment opportunities for SMEs. Research shows that the e-commerce problems faced by SMEs are understood within the framework of "Chile and the United States. Chile's Free Trade Agreement with Brunei Darussalam, New Zealand, and Singapore" promotes cooperation among the members to enhance the English language as a resource for small and medium-sized firms. The Chile-Colombia Free Trade Agreement has cooperation measures designed to tackle the issues faced by SMEs in e-commerce, in addition to fostering "economic collaboration via trade facilitation and

investment." The existing "CEPA between Chile and Indonesia", starting August 10, 2019, fosters and facilitates SMEs as a core principle via cooperation under appropriate and needed conditions. The protective provisions for SMEs found in other trade agreements are absent in the existing Chile-India Free Trade Agreement.

The "Free Trade Agreement" (FTA) between Peru and Japan establishes a dedicated subcommittee to oversee procurement matters, with a special focus on supporting "small and medium-sized enterprises" (SMEs), including micro-businesses. Similarly, Article 14.9 of the Peru-Korea FTA highlights cooperation in e-commerce, explicitly emphasising SMEs and their integration into digital trade. This agreement also promotes the exchange of information and expertise, the development of electronic communication systems for government procurement, and capacity-building initiatives to enhance SME participation in international markets. Likewise, the Peru-China FTA, much like the China-Chile FTA, seeks to expand collaboration across multiple domains to facilitate economic growth and trade.

The Peru-United States FTA incorporates special agreements on labour rights development and business capacity enhancement through cooperative measures which focus on supporting SMEs. The specified measures work to train businesses about labor regulations and enhance workplace conditions while raising productivity in smaller companies. Meanwhile, Vietnam, as a member of the "Association of Southeast Asian Nations" (ASEAN), participates in multiple FTAs with similar SME-centric provisions. The "ASEAN-New Zealand-Australia FTA" includes measures to help SMEs navigate challenges in e-commerce. The "ASEAN-China FTA" prioritises economic cooperation activities tailored for SMEs; a commitment also found in the ASEAN-Japan Comprehensive Economic Cooperation Agreement. Furthermore, "Article 3 of the ASEAN-Korea FTA" encourages the parties involved to implement initiatives that benefit SMEs. The Vietnam-Eurasian Economic Union FTA facilitates SME engagement in government procurement processes, while the "Vietnam-Japan FTA" allows for cooperation in SME development whenever necessary.

The previous North American Free Trade Agreement (NAFTA) included measures for small and medium enterprises to participate in government procurement and set up a whole business database for companies working between the member states. Numerous modern FTAs incorporate digital trade measures to enable easier transactions and better market access opportunities. Digitalisation supports small and medium-sized enterprises most significantly

through its impact on reducing operational expenses while speeding up procedures together with the elimination of bureaucratic challenges. The research confirms that sixty-five percent of modern FTAs contain digital trade facilitation elements while twenty percent of these agreements specifically endorse digital transformation.

Paperless trade provisions from India exist in certain FTAs yet its implementation stands behind the approaches of Australia and New Zealand. SMEs encounter multiple barriers to benefits from electronic documentation adoption mainly due to inconsistent implementations and weak digital infrastructure together with restrictive data regulations. These challenges hinder their ability to fully capitalise on the benefits of digital trade, limiting their competitiveness in the global market.

3.2 Provisions for transparency

Transparency provisions in trade agreements are generally inferred from relevant legal frameworks. These provisions involve sharing critical information, conducting consultations, and balancing mutual interests. Their scope includes facilitating SME access to government procurement markets, providing notifications regarding regulatory changes, ensuring clarity in procedural requirements for exporters, exchanging documentation, and streamlining trade processes to reduce operational costs and enhance predictability.

The Indo-Japan trade agreement incorporates a structured approach to SME cooperation, allowing for specific work plans where necessary. However, most other agreements involving India do not explicitly emphasize transparency measures.

Certain bilateral agreements actively promote transparency. For instance, the Chile-Australia FTA facilitates information exchange on SME strategies to improve their participation in government procurement. Additionally, it mandates timely updates on regulatory modifications that could affect procurement policies. The Chile-China agreement enhances SME exporters' access to essential procedural details, ensuring a clear understanding of compliance requirements. The Chile-US agreement introduces a supplementary clause permitting partners to seek technical trade assistance, such as training for government personnel or interested suppliers regarding procurement frameworks. Transparency provisions are also incorporated in trade agreements involving Peru.

A significant step towards institutionalizing SME-related transparency is evident in the

“Comprehensive and Progressive Agreement for Trans-Pacific Partnership” (CPTPP), where a dedicated chapter addresses SME concerns. This agreement obligates member nations to establish or maintain publicly accessible online platforms containing SME-relevant information regarding the agreement. Additionally, it mandates the formation of a ‘Committee on SMEs’ tasked with educating businesses on the benefits of the agreement, fostering development initiatives, integrating SMEs into global supply chains, and monitoring compliance.

“Article 24.1(2)(b) of the CPTPP” emphasizes the importance of disseminating business-related information in English to support international trade and investment. Similarly, the EU has implemented measures to improve transparency within government procurement frameworks, ensuring greater market access for SMEs. The Chile-US agreement establishes a procurement committee empowered to facilitate training and technical support. The Chile-Australia FTA also includes a mechanism for sharing information aimed at optimizing SME participation in procurement markets.

Peru-EU and Peru-Korea FTAs aim to connect SMEs through advanced information systems, enhancing their involvement in government procurement processes. The Peru-US FTA creates a procurement committee for assistance and training for official stakeholders and SMEs. A Free Trade Commission evaluates SMEs' performance based on industry input. NAFTA facilitates discussions on Small-Medium Enterprise eligibility for business support programs. The EU-Singapore FTA simplifies trade processes, lowering costs and creating stable business conditions. SME-focused online platforms must adhere to transparency provisions in the Australia-Hong Kong FTA. The EU-Vietnam FTA builds SME involvement by solidifying business conditions and secure environments. Modern trade agreements uphold transparency standards, minimizing business uncertainties. Transparency provisions in Latin American agreements like Chile and Peru help SMEs enter the market. Indo-Japan, Peru-Japan, and Vietnam-Japan agreements represent initiatives to maintain transparent relationships in international commerce.

3.3 Provisions on exemptions

Exemption provisions are relatively rare in trade agreements. Among the instances where such provisions are present, two notable cases involve India. The first pertains to the Indo-Korea agreement, where specific conditions apply to small-scale manufacturing units. This includes

a performance-based requirement that reserves certain items for small and medium-sized enterprises (SMEs) and a clause mandating prior government approval for foreign direct investment (FDI) exceeding 24 percent in these enterprises. The second instance is found in the India-Nepal treaty, which provides relief on excise duty for goods produced in small-scale units in Nepal and sold in India. This treaty ensures parity in the imposition of additional duties on such products, provided the Nepalese government certifies that they originate from small-scale manufacturing units. Notably, these provisions are exclusive to agreements where India is a signatory.

A review of over 60 trade agreements reveals that only 33 include specific provisions related to SMEs. The most commonly observed measure in these agreements is the inclusion of clauses promoting cooperation. FTAs commonly direct their efforts toward technical aid as well as SME capacity strengthening and trade facilitation measures and enterprise network support and specialized training programs for small and medium-sized enterprises (SMEs). The implementation of e-commerce platforms receives support through certain FTAs to extend market penetration. Trade facilitation represents an FTA concept that benefits SMEs through regulatory standards ensuring efficient customs processes while supporting cross-border investments. Several agreements accept the importance of intellectual property (IP) for SME development by providing mechanisms to protect and use IP systems. India's trade agreements maintain limited transparency commitments because they concentrate on facilitating information sharing and supporting SME participation in government procurement measures. The exchange of information denotes the only two agreements signed between India and other nations that include specific provisions for SME benefits. Future improvements seem possible because India's free trade agreements lack comprehensive digital trade facilitation initiatives. The enhancement of these elements will boost India's trade environment because it offers better business opportunities to small companies in worldwide markets.

4. Conclusions and Policy Recommendation

The COVID-19 pandemic has highlighted the need for businesses to establish multiple economic and trade relationships for MSMEs. SMEs often face challenges in global trade due to limited financial capabilities and insufficient skilled workers. Free Trade Agreements (FTAs) can help SMEs join international markets, accelerate their recovery, and advance long-term development. However, standalone SME-focused trade agreements may not deliver actual

benefits. Future agreements should incorporate measures to address specific problems faced by SMEs. Trade agreements typically include cooperation agreements, exemptions, and transparency terms. Most agreements promote cooperation and transparency in business practices, but some strategies remain vague. Transparency measures aim to improve business predictability and increase government procurement involvement from SMEs. Future agreements should incorporate these measures to demonstrate the importance of SMEs in global trade operations.

A thorough investigation of trade agreements demonstrates that nations do not consistently incorporate specific provisions supporting SMEs especially when India joins the agreements. Among the more than 60 FTAs analyzed only about fifty percent contain dedicated provisions for SMEs. The provisions in these agreements normally lack enforceable obligations which makes every nation responsible for developing their own programs for small business progress. Apart from other countries' trade agreements India shows either no dedicated SME provisions or insufficient active approaches towards SME engagement. India lacks a concentrated plan to help SMEs grow while its FTAs lack extensive transparency frameworks in spite of emerging trade agreements which emphasize strong regulatory systems. Industry-level attention toward SMEs remains non-existent as businesses large and small receive equal treatment although both groups require specialized support for international growth.

The post-pandemic recovery of SMEs needs specific agreements in FTAs that solve current issues. SME entrepreneurs can receive effective knowledge transfer through training programs and workshops which invite representatives from partner nations to fill the information gap. The implementation of interactive discussions will create beneficial relationships among stakeholders which leads to improved trade processes. During negotiation stages of FTAs it is important to adopt various strategic recommendations which aim to connect Indian SMEs with global trading networks while developing their connections to regional business and government institutions.

Inclusion of a Dedicated SME Chapter: Trade agreements should feature a specific chapter exclusively addressing SME-related concerns. This section should mandate the exchange of knowledge, business contacts, and relevant information to ensure that SMEs can effectively navigate foreign markets. Unlike non-binding commitments, enforceable provisions would yield more concrete benefits.

Mandatory Information Sharing: Partner nations should be required to provide essential SME-related data in English, including details on relevant government and business bodies, taxation policies, trade regulations, compliance standards, and practical trade considerations. Moreover, efforts should be made to ensure that the information is translated into simpler, non-technical language to facilitate better comprehension by SMEs, with domestic authorities translating it further for local dissemination.

Enhancing SME Visibility: SMEs should be actively encouraged to participate in international trade fairs and exhibitions through mutual cooperation between partner countries. Facilitating their presence alongside established enterprises in such events would boost their confidence, enhance exposure, and improve their understanding of international business dynamics. Increased visibility in the global marketplace would also help SMEs build stronger business networks and foster international collaborations.

Negotiating preferential treatment for SMEs in FTAs would enhance their ability to capitalize on tariff concessions and other trade benefits. Strengthening SME access to global markets would ease business expansion efforts, allowing them to allocate resources toward innovation, product development, and research and development. By incorporating targeted and enforceable SME provisions in FTAs, India can position its SMEs for greater success in the international arena while ensuring long-term economic resilience and growth.

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