

Workshop to Advance SME Participation in Digital Trade between Australia and the United Kingdom 15 March 2023

Background

The Australia-United Kingdom Free Trade Agreement (A-UKFTA) recognises digital technologies are increasingly important within the global economy and offer significant social and economic benefits. Innovations in trade technology, cross-border payments, cybersecurity, logistics and customs services, etc. have significant potential to enhance trade facilitative solutions and strengthen digital trade. However, the adoption of these innovations is often hindered by low awareness of the FTA and information asymmetry between services/ system providers and users.

On 15 March 2023, Access Partnership and the UK Government jointly organised an online workshop to encourage small-and medium-sized enterprises (SMEs) based in Australia or the United Kingdom (UK) to participate in digital trade. The workshop was in support of the A-UKFTA and brought together policymakers, digital solution providers, and SME representatives to identify priorities, challenges, and solutions to deepen digital trade between the two economies. Digital trade in the context of this workshop included both digitally traded goods and services (e.g., e-commerce, online content, etc.), and digitally-enabled trade of goods (e.g., e-invoicing, anti-counterfeiting technology, etc.). Participants were organised into two breakout rooms to encourage deeper discussions on the digitalisation of SMEs, and SME participation in digital services trade.

Main Takeaways on Digitalisation of SMEs

- **SMEs are generally time and resource constrained, and navigating international trade requirements to scale business can be challenging.** Major challenges raised include poor internet connectivity, multiple trade documentation and certification requirements, freight consolidation issues, and access to finance.
- **Digital solutions stand to ease these challenges.** For instance, anti-counterfeiting technology can help facilitate paperless trade and ensure the authenticity of a produce through a single digital scan. Application Programme Interfaces (APIs) that can be easily integrated with an SME's website or e-commerce platform can help create a seamless customer journey. However, information asymmetry between services/ solution providers and users is still a major barrier to adoption.
- **Interoperable trade platforms among domestic government agencies and across borders can help simplify the trade system.** Buyer security protection and border control standards should be given due consideration even when simplifying trade systems.
- **Public and private sector stakeholders have a role in easing the barriers and opportunity costs for SMEs to engage in digital trade.** Awareness raising and education on existing solutions and policies, including FTAs, are critical to the digitalisation of SMEs and participation in digital trade. There is also a need for the regulatory environment to keep abreast of today's technological developments, and to introduce policies that enable and embed adoption of existing digital trade solutions.

Main Takeaways on SME Participation in Digital Services Trade

- **Identifying new market opportunities and navigating that market's digital economy regulations can be a daunting task for SMEs looking to sell their services or goods overseas.** This, combined with being resource constraint and time poor, can pose as a major barrier for SMEs to engage in digital trade.
- **Policymakers, business chambers, and other organisations can help demystify real and perceived barriers to digital trade for SMEs.** For instance, policymakers can introduce tools that provide SMEs with a fundamental understanding of how the regulatory environment they currently operate in is similar and/or different to foreign markets (e.g., regulatory mapping), including any mutual recognition of standards. In doing so, the time and cost spent to understand the regulatory requirements needed to expand business overseas and participate in digital trade can be reduced.
- **There is also a role for policymakers to take into consideration SMEs' circumstances when setting baseline accreditation / regulatory requirements.** For example, accreditation / regulatory requirements may adopt a risk-adjusted principle approach.
- **Similarly, establishing a space or community where businesses can share and be informed of best practices** on how to comply with different regulations in a new country **or existing solutions** that businesses can leverage to enter and scale up in a new market, can help SMEs overcome some of the perceived barriers to digital trade.

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Next Steps

- Insights shared during the workshop will be used to help inform policymakers on best practice approaches for the successful implementation of the A-UKFTA.
- Feedback on further topics or themes that could be explored in similar discussions with the UK government is welcomed and may be used to help inform policymakers in improving guidance on the A-UKFTA or in future trade agreements.
- Participants are welcomed to indicate their interest to participate in the missions mentioned during the workshop, including the mission to London Tech Week and/or the UK delegation to Australia.

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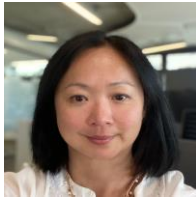
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