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## **Report of the Colloquium on contractual networks and other forms of inter-firm cooperation (New York, 25–26 March 2019)**

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## I. Introduction

1. At its fifty-first session, in 2018, the Commission heard a proposal on possible future work on contractual networks ([A/CN.9/954](#)) which clarified aspects of an earlier proposal<sup>1</sup> presented at its fiftieth session, in 2017. It was observed that contractual networks could take the form of either a single contract with several parties or several interdependent bilateral contracts. It was also said that such networks provided an opportunity to organize cooperation between businesses without a requirement for a legal entity to be formed. They could facilitate sharing of resources; provide a means of accessing business opportunities not otherwise available to individual members of the network; facilitate access to finance for the network itself; and permit sharing of property and of labour among the network members. It was further noted that certain international organizations were supporting projects at country level through the creation of clusters of small size businesses. The governance of the clusters was organized in a manner similar to contractual networks but without the legal certainty provided by contractual networks. In conclusion, it was observed that work on contractual networks would complement the work on the UNCITRAL limited liability organization currently being considered by Working Group I.<sup>2</sup>

2. After discussion, the Commission agreed that a Colloquium should be held in the context of a future session of the Working Group to further analyse the relevance of the contractual networks to the current work on developing an enabling legal environment for MSMEs and the desirability of taking up work of those networks. It was also agreed that the Colloquium should also explore legal tools that achieve goals similar to those of contractual networks that were being used in both civil and common law jurisdictions.

3. The first two days of the thirty-second session of the Working Group (New York, 25–29 March 2019) were devoted to the Colloquium. In addition to the delegates to the Working Group, speakers and participants included specialists from governments, international organizations, non-governmental organizations, the private sector and academia from different geographic regions.

4. Following the Colloquium, the Working Group convened on 27 to 29 March and resumed its discussion on an UNCITRAL Limited Liability Organization (UNLLO) (the report of the Working Group's deliberations on those three days is contained in [A/CN.9/963](#)).

## II. Topics discussed

5. The Colloquium was structured around presentations and panel discussions which focused on different legal models of cooperation among businesses. All models presented aimed to assist businesses in overcoming their vulnerability and harnessing opportunities in domestic and international markets. It was felt that the models differed among jurisdictions, thus making transnational cooperation among MSMEs quite difficult. The Colloquium intended to explore whether and to what extent a harmonized legal approach in this area was desirable.

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<sup>1</sup> See [A/CN.9/925](#) and *Official Records of the General Assembly, Seventy-second session, Supplement No. 17 (A/72/17)*, para. 233.

<sup>2</sup> See *Official Records of the General Assembly, Seventy-third session, Supplement No. 17 (A/73/17)*, para. 241.

## A. Challenges faced by micro, small and medium-sized enterprises (MSMEs) in the modern economy: reasons behind networks of MSMEs

6. The first panel set the context for the Colloquium through an overview of the challenges faced by MSMEs globally and the main reasons behind the creation of networks of MSMEs in order to foster their growth.

7. It was noted that MSMEs are the backbone of many economies and represent 95 per cent of firms in the world and nearly 70 per cent of employment. They were said to be the best lever to support the creation of 600 million jobs (mainly for youth) by 2030 and they could contribute to the achievement of the Sustainable Development Goals, or SDGs (in particular SDGs 1, 5, 8, 9, 11 and 12).<sup>3</sup> However, MSMEs faced several hurdles that made them generally less productive and offered lower wages than larger firms. This gap was wider in developing countries.

8. Because of their small size, MSMEs had limited bargaining power and experienced several obstacles including the following:

(a) Difficult access to information on export opportunities, which increased costs and barriers to entry in the market;

(b) Mandatory and voluntary standards as well as other regulatory requirements for trade whose compliance affected MSME operations at all stages of production and delivery, including the need for MSMEs to be informed on such requirements;

(c) Lack of funding, since banks were often reluctant to extend credit to MSMEs because of the high costs of gathering adequate information to assess the creditworthiness of typical MSME borrowers or to grant them unsecured credit even at high interest rates. Women entrepreneurs were said to be particularly affected by this problem, as lack of collateral, inadequate financial infrastructure and other barriers involving gender-based social and cultural issues restrict the potential of women-owned MSMEs;<sup>4</sup>

(d) Difficulty to attract high quality workers, partly due to the inadequate market supply as well as the inability of the MSMEs to train their own employees;

(e) Limited ability to influence decision-making processes, which would favour larger and more powerful firms and result in a regulatory environment that systematically disadvantaged MSMEs;

(f) Informality, since registration costs were disproportionately high;

(g) Low scope for innovation and technology adoption; and

(h) Increased difficulty in joining regional and global value chains.

9. It was said that one way of overcoming those constraints was for MSMEs to join forces through the creation of clusters which helped MSMEs to improve their productivity, innovation capacity and overall competitiveness. Several programmes

<sup>3</sup> SDG 1: End poverty in all of its forms everywhere; SDG 5 – Achieve gender equality and empower all women and girls; SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all; SDG 9: Build resilient infrastructures, promote inclusive and sustainable industrialization and foster innovation; SDG 11: Make cities inclusive, safe, resilient and sustainable; SDG 12: Ensure sustainable consumption and production patterns.

<sup>4</sup> The International Finance Corporation (IFC) reports that top banks serving SMEs in countries not members to the Organization for Economic Cooperation and Development (OECD) reach only 20 per cent of formal MSMEs, and just 5 per cent in sub-Saharan Africa. The Asian Development Bank (ADB) estimates that there is a global gap of US\$ 1.9 trillion between the supply and need for trade finance alone. This gap widens especially at the “lower end of the market”, where almost half of SMEs requests for trade finance are estimated to be rejected, compared to only 7 per cent for multinational corporations. See International Trade Centre, SME Competitiveness Outlook, 2015, Connect, compete and change for inclusive growth, page XXI.

implemented by international organizations such as the International Trade Centre (ITC) or the United Nations Conference on Trade and Development (UNCTAD) to support MSMEs and MSMEs' clusters were also mentioned.<sup>5</sup>

10. The creation of MSMEs' networks as a strategy to support the development of such businesses was further discussed and the role of mutual trust as an essential condition for the creation and growth of such networks was emphasized. It was said that a network was characterized by the autonomy of the individual members, notably through their legal and managerial independence, and the creation of reciprocal dependencies between them, including by the exchange of information, the pooling of resources or a mutualization of risks. It was again stressed that MSME networks were a contractual manner to counteract MSMEs' limited size and the ensuing legal and economic barriers between they faced to access international markets. Three categories of networks were discussed:

(a) Business ecosystems, i.e. economic communities of interacting business entities and individuals. Such communities can be territorially based and organized around a large company that acts as their centre and enters into relationships with a variety of MSMEs (a form of vertical synergy), such as the example of the Indian city of Bangalore.<sup>6</sup> The communities can also be organized around an online collaborative platform<sup>7</sup> that offers a common service to the participating MSMEs (a form of cross-cutting synergy);

(b) Cooperatives of independent businesses which generally relied on a democratic governance structure and the sharing of investments and profits; and

(c) Diasporas forming a chain of economic solidarity between the country of origin and the rest of the world. These are manifested through networks of entrepreneurs migrated outside their region of origin and their remittances to those regions.

11. The role of emerging and disrupting technologies in creating ecosystems of consumers and suppliers of goods and services was emphasized. It was noted that such ecosystems, centred around online platforms, forced MSMEs to redefine their business models since the traditional pipe/product-oriented model was being replaced by an approach based on increased interaction, collaboration and co-creation of value between consumers and suppliers. This required MSME to understand the opportunities and challenges of this new environment and become more efficient in

<sup>5</sup> For instance, ITC has developed a series of model contracts for small businesses that incorporate international standards and best practices and allow the businesses to enter into cross-border transactions; the UNCTAD's Business Facilitation Programme assists States in streamlining their administrative processes, such as business registration, through the use of web-platforms (in this respect see also [A/CN.9/WG.I/WP.98](#)).

<sup>6</sup> In order to attract investors and preserve local businesses, the India has concentrated in Bangalore high value-added service activities in IT such as research and development, software creation and outsourcing of activities for multinationals. To achieve this objective, India has promoted the regrouping of MSMEs in the same territory and has attracted multinationals to collaborate with those MSMEs through several incentives including: skilled and low-wage English-language manpower, good communication infrastructure, no customs barriers (at the exit), university research network to transfer fundamental innovations in companies, no barrier to entry (tax exemption of imports). This ecosystem is based on the economy of agglomeration: it is cheaper to work in the geographical proximity of partners in the same sector of activity to reduce logistics costs and facilitate collaborative innovation.

<sup>7</sup> Online collaborative platforms facilitate mutual collaboration among MSMEs that are not located in the same territory and do not know each other, by helping them to build trust in their transactions. MSMEs prefer to collaborate in a network around a platform than in a traditional market because the risks of opportunism are reduced. Collaborative platforms reduce transaction costs such as: information retrieval costs, intermediation costs, negotiation and contract monitoring costs, hidden or time-delayed costs due to poorly drafted contract provisions. The platforms enhance their role as intermediary and facilitator of the MSME network by collecting and selling data for advertising purposes and by collecting a fee for connecting the MSMEs.

mutual collaboration. The example of Go-Jek<sup>8</sup> in Indonesia was presented as an online platform that deviated from the traditional pipe-model by connecting multiple parties and creating an ecosystem constantly evolving and adapting to the specific demands of the environment in which the platform operated. This enabled Go-Jek to scale up rapidly and cross into foreign markets. The initial ride-sharing application had evolved into a system of applications that had implications for fin-tech and finance.<sup>9</sup> It was, however, observed that when such digital ecosystems expanded in size they struggled to maintain their original purpose, becoming more selective about who could join the ecosystem. Federated and decentralized ecosystems controlled by the communities of users were thus said to be the next step in the evolution of this “business model”.

12. An example of support to MSMEs in developing countries through networks and clusters was also provided. One such example concerned the Modjo Leather city in Ethiopia, established by the United Nations Industrial Development Organization (UNIDO) in collaboration with Ethiopian institutions on the basis of an existing concentration of tanneries in the town of Modjo.

13. The project aimed not only to facilitate MSME business and growth but also to develop an environmentally friendly leather tanning district driven by a network of tanneries as well as various service providers. It was observed that the district was expected to play a valuable role in enhancing local socioeconomic development since it would reinforce networks within the district, boost foreign and local direct investments, economic, trade and service activities in the area and have a positive impact on job creation.

## **B. Examples of multiparty contracts creating networks**

14. The second panel discussed selected examples of multiparty contracts among various firms which often presented features different from the more traditional contract or company law approaches. Such networks of contracts often emerge in the context of global supply chains and innovative industrial sectors in order to facilitate access to markets, domestic or international, or maintain the firm’s positioning in highly competitive markets.

15. The topic of multiparty contracts was introduced noting that they were not an extension of bilateral contracts since they often dealt with complex projects that involved joint or at least coordinated activities of multiple actors. Such contracts required collaboration of the different players to define implementation strategies which could not be determined *ex ante*. Multiparty contracts called for specific rules concerning entry in the contract, implementation of the project, (fundamental) breach, remedies, and rescission, which differentiated them from traditional bilateral agreements.

16. Contractual networks were a type of multiparty contracts concerning temporary collaboration between firms engaged in a common project or even in multiple simultaneous or sequential projects. Such contracts emphasized the complementarity between the participating entities, since they required the parties to define joint strategies after they had concluded the contract.

17. Contractual networks could have different scopes from information-sharing to asset sharing, project implementation or even involve financing. They might be executed by entities belonging to the same supply chains or to different supply chains.

<sup>8</sup> Go-Jek was established in 2010 in Indonesia as a motorcycle ride-sharing phone service and has evolved over time into a provider of several other services.

<sup>9</sup> For instance, in three years Go-Jek went from 100,000 orders a day (2015) to 100+ million orders across 18+ services in 2018. Data is provided in Prof. E. P.M. Vermeulen’s presentation at the Colloquium, see also E.P.M. Vermeulen, 3 Ways to Grow Your Business in a Digital Age, 30 July 2017, at <https://hackernoon.com/>.

They usually included some degree of cooperative investments by each of the participating entities.

18. It was noted that contractual networks and multiparty contracts could be found in several sectors, such as agriculture, construction, oil and gas and that they could be either an alternative or complementary to corporate forms of integration (e.g. companies) depending on the nature of a project and other features such as the degree of initial knowledge and trust of the participating entities; the number of projects they wanted to realize; the level of specific investments and its distribution among the parties; and the governance structure and the level of asset partitioning.

19. Finally, it was observed that differences in the regulation and standards of multiparty contracts across regions made international cooperation of MSMEs often difficult and costly. It was thus suggested that uniform principles for contractual networks that allowed multiplicity of contract forms could help MSMEs' economic growth, access to global chains and foster trade.

20. As an example of contractual networks, the Italian network contract was presented. This legal tool was established in Italy in 2009 in order to increase opportunities for businesses, especially MSMEs, to harness and enhance their competitive and innovative capabilities. The network contract is an intermediary ground between informal cooperation and formal integration of MSMEs. It relies heavily on party autonomy since MSMEs are free to determine various aspects of the contract such as the governance structure, whether the network has its own assets or legal personality. The law provides a default regime that fills the gap of general contractual law. An important element is that the network must have at least one measurable common strategic objective. The network contract could in principle be used for the creation of international networks, however it requires participating entities to have a registered place of business in Italy which limits chances of internationalization of this regime.

21. It was again noted that an international soft law text – such as guidelines – would facilitate the development of transnational and domestic networks, since applicable law may provide for a limited choice of available contractual forms and it may fail to address important aspects of the network such as allocation of rights over innovative technology or participation by non-business partners. Such international soft law text would foster MSMEs' ability to generate networks for a more viable growth (see also para. 19 above).

22. Other examples of multiparty contracts were said to be found in the oil and gas industry, a technically complex sector, highly capital intensive and risky, where all activities were interlinked. The panel noted that due to these factors, bilateral contracts between the host country (i.e. the owner of exploration and production rights) and an international oil company were very rare. Contracts in the oil and gas industry (concessions, production sharing agreements, services agreements and participation agreements) were instead usually multiparty contracts between the host country and a group of companies, often including the national oil company too, associated under a consortium or an incorporated or an unincorporated joint-venture. Such a grouping would permit the companies to meet the technical, financial, and legal requirements of the project, mitigate risks and pool resources, accede to the necessary finance and respect local requirements set by the laws of the host country. The multiparty contract would provide the manner in which operations would be conducted by the operator (i.e. one of the oil companies), appointed by the members of the contract, subject to the supervision of an operation committee, and establish the basis for sharing rights and obligations among the members of the contract. Ancillary provisions would regulate other relevant aspects of internal relations of the consortium or joint venture such as defaults, withdrawal, and transfer of interest, as well as some matters concerning external relations, like joint liability of members to the host country for breach of contract, and the operator's power to act on behalf of other members to government authorities or taxes.

23. Multiparty contracts would also organize the relationship of the oil companies with the contractors and service providers that will conduct the activities necessary to explore and produce oil and gas. Oil companies can decide to contract with a single, solely liable, contractor that will then organize its own network to fulfil its mission or can adopt a more direct approach to employing service providers. It was noted that many host countries required to respect local content requirements<sup>10</sup> in the contracts between the oil companies and the service providers as well as in the contracts between the oil companies and the host country, which allowed MSMEs to play an increasing role in the oil and gas industry, especially in developing countries.

24. A third example of multiparty contract was contract farming<sup>11</sup> which is common in developed countries and expanding in developing ones. It was noted that contract farming fit within the broader concern of agricultural development and food security since it could significantly reduce poverty, contribute to rural development, and increase food security. Contract farming organizes the relationship between the producer(s) and the contractor. It can be either a sale or a service contract depending on whether the producers produce and sell to the contractor a specific crop or livestock, with the contractor paying according to an agreed price, or whether the producers provide a service for agricultural or livestock production that is owned by the contractor.

25. While contract farming cannot be defined as an example of contractual networks, it was noted that there were areas where these two contractual models would intersect as both occurred within the distribution supply chain. In this respect, it was further said that the use of contractual networks in contract farming would help ensure consistency of contractual terms and conditions throughout the agriculture supply chain network, since while the contract farming agreement would likely be governed by a domestic law, an upstream agreement in the network may be governed by a different law. Consistency of contract terms throughout the contract network allows upstream and downstream parties to understand the obligations of others in the supply chain and therefore anticipate expectations of others in the distribution network.

26. It was further noted that contractual networks may provide a basis for risk and cost sharing among the various parties in a contract farming agreement, since due to the structure of this industry, most upfront costs (such as building a farm, buying cattle or grain) and the risks (droughts, loss of cattle or harvest) are borne by the producer. Contractual networks allow the shifting of these risks and costs throughout the supply chain and thereby mitigate the impact they may have on those parties at the bottom of the chain. Finally, contractual networks may harmonize the dispute resolution process throughout the contract farming distribution chain as they would allow to address issues of parties not immediately in privity or to have these parties subject to dispute resolution mechanisms.

27. Contractual networks were also said to be critical for growth in the biotech and automotive industries and it was noted that public institutions were key in maintaining and diffusing that governance structure. In particular, legal issues pertaining to intellectual property rights (e.g., whether licences can be shared among members to the agreements) and questions relating to the ownership of new intellectual property rights that evolved from the collaborative process were highlighted. It was also observed that issues around intellectual property rights would influence the way the governance mechanisms of the network were designed.

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<sup>10</sup> Local content requirements or clauses aim to ensure that companies hire local employees and procure local goods and services from the host country.

<sup>11</sup> For further discussion on contract farming, see the Legal Guide on Contract Farming (2015) prepared by the International Institute for the Unification of Private Law (UNIDROIT) in collaboration with the Food and Agricultural Organization (FAO) and the International Fund for Agricultural Development (IFAD). The online version of the Guide can be accessed through the websites of the three organizations.

28. It was further said that although networks in the biotech and automotive industries were different, in both sectors different levels of agreement-making would take place, ranging from standard terms and supplier manuals to joint development agreements, and parties would be likely to have a research plan and a steering committee. It was also noted that the development of new technologies meant there would be influxes of new parties to the supply chain.

29. Questions of governance structures arose, as the panel made clear that the manner in which governance models would be selected would be industry or project specific, and there would often be significant asymmetries in power among the collaborators. It was suggested, however, that the creation of default standards relating to multiparty contracts could help mitigate the asymmetry. Fiduciary duties and the entry and exit of parties to a multilateral contract were provided as a few such examples.

### **C. Legal tools to facilitate MSME business across legal traditions**

30. The third panel continued the discussion on forms of inter-firm cooperation focusing on certain tools that fit within more traditional company or contract law categories while aiming to achieve goals similar to those of contractual networks.

31. The panel discussed the Economic Interest Grouping (known under its French acronym of GIE), which is a legal entity organized by French law with the aim of structuring cooperation among enterprises of all sizes to permit its members to better compete on the market. The Airbus industry at its onset was one such example. The GIE is granted legal personality and has thus the ability to acquire rights and assume obligations in its own name and participate in judicial procedures. It was noted that having legal personality may facilitate access to credit.

32. The GIE can be considered an intermediate structure between a non-profit entity and a company. It may generate profits, but in principle the profits must be distributed to the members, since the GIE is not intended to make profits for itself. Members of the GIE remain independent and in principle autonomous from one another and they have a non-negotiable right to exit the Grouping. Furthermore, unlike a company, a GIE is strictly limited to the economic purpose it has been set up for. This purpose must add value to its members' individual activities. The creation and management of a GIE is very flexible as it is largely left to what the members agree upon. The members are jointly liable for GIE actions although a written agreement may protect a new member from being liable for the GIE's debts that arose before it entered the Grouping. However, it was said that there was a downside in the flexibility of the structure, which was the absence of limited liability for the GIE members.

33. Contractual joint ventures in China were discussed as another model of business cooperation, which, although not applying to MSMEs only, was considered instrumental to MSME development in the country. Such joint ventures were said to be more popular than equity joint ventures, that also fostered business cooperation between foreign investors and domestic businesses in China, since the investors could make their contributions to the joint venture in more flexible forms, such as labour, resources, services, and market access rights. Moreover, profits in a contractual joint venture are divided according to the terms of the contract rather than by investment share, allowing a more flexible schedule for investment return in cases where one investor provides cash while the other party's investment is primarily in kind.

34. It was noted that contractual joint ventures were instrumental to foreign investors wishing to access Chinese markets, since they were the only way to invest in closed industries and provided a higher chance to participate in government procurement biddings, simplified dealings with government authorities, and permitted the foreign entity to benefit from the Chinese partner's network and local business practices. Moreover, in a contractual joint venture, the parties involved may operate as separate legal entities and bear liabilities independently rather than as a single entity.



35. It was further noted that there were two types of contractual joint ventures, pure and hybrid, and the difference laid in the fact that in the former no legal entity separate from the contracting parties was established and the parties bore the risk of profit and loss directly. In a “hybrid” contractual joint venture a separate business entity was established and registered and the parties’ liabilities were limited to their capital contributions to the entity.

36. The limited liability company (LLC) from the United States of America was discussed as another model for allowing businesses to coordinate their skills and activities. It was stated that the LLC is a contract-based governance form that allowed parties to structure their businesses as they wished, while also providing limited liability to the members. Such a broad and flexible model may fit the multiplicity of business forms that were discussed during the Colloquium.

37. The panel also described how Japanese automobile manufacturers structured transactions with their suppliers, to which the manufacturers subcontracted development and production of core components. In order to incentivize suppliers to make relation-specific investment necessary for such a task, manufacturers established long-term relationships to reward their suppliers. At the same time, to prevent such suppliers from acting opportunistically, manufacturers held bidding competition every four years and made only short-term commitments regarding the amount and the price of their orders. This transaction was structured by having multiple layers of contracts (e.g. master agreement, sourcing contracts, monthly orders) and special legal forms were not deemed as necessary for this purpose in Japan. It was noted that the use of multiple bilateral agreements differed from the multilateral arrangements that had been discussed in other contexts during the Colloquium.

38. Finally, cooperatives were presented as a tool for the collaboration of different businesses with a high level of mutual trust, based on the experience in the States members of the Organization for the Harmonization of Business Law in Africa (OHADA). It was noted that cooperatives were a hybrid entity between non-profits and corporations and their collective and democratic governance mechanism was based on two principles: dual status and equality. There is no strict distinction between member and client/user and all members must have an equal voice in the cooperative.

39. It was stated that the 2010 OHADA Uniform Act distinguished between simplified cooperatives and cooperatives with a board of directors and the former were said to be more suitable for MSMEs since they entailed less legal formalities. It was also noted that the Uniform Act allowed for networks of cooperatives that seek to enhance the pursuit of the interest of the members, even if these do not have a strict common link and are not located in the same State. The network must be registered and have its own legal personality.

40. The cooperative model being adaptable to different activities was said to encourage promotion of MSMEs in the OHADA region. Its increased use in OHADA showed that reinforcing the role of cooperatives through appropriate institutional, legal and economic actions, and the development of human resources could support the development of African economies. As a single example, it was noted that there was a rise in the number of cooperatives in the coffee and cacao sector in the Ivory Coast, from 2,394 in 2011–2012 to 2,974 in 2012–2013.

#### **D. Would MSMEs benefit from a uniform trade law approach to contractual networks and inter-firm cooperation?**

41. Tacking stock of the presentations and discussions of the previous panels, the concluding panel recalled that the rationale behind the Colloquium was to explore whether a harmonized approach to contractual networks and inter-firm cooperation was needed in order to bridge the gap between contract and company law, and whether such a framework would benefit MSMEs.

42. It was agreed that the Colloquium presented successful examples of legal models of collaboration that could cater for specific needs of MSMEs such as getting access to global value chains or establishing collaboration with other MSMEs engaged in complementary businesses in order to deliver more attractive solutions to serve new markets. The view was expressed that given the success of those models it was difficult to identify a legal vacuum that would require developing a new legal tool in addition to the existing ones. Moreover, it would not be desirable to create a single model of collaboration given the differences in practices and traditions among industries and jurisdictions that seemed to respond to the needs of the businesses. It was also said that any further regulation of the topic might actually constrain an MSME and that legal issues concerning the different aspects of inter-firm collaboration would be better left to contractual freedom. Any gap in the agreement among MSMEs could be filled by the applicable domestic legislation.

43. It was suggested, however, that despite the success of the models presented, those arrangements might not be optimal to facilitate MSMEs' growth as they were not exclusively focused on those businesses. Moreover, the exercise of contractual freedom may create uncertainty for MSMEs, since it requires prior knowledge of the applicable laws and available legal tools, which MSMEs might not have. It was observed that the creation of default contractual rules and options, including as regards liability, responsibilities, entry and exit, and non-performance applicable to the different models might facilitate collaboration among MSMEs and allow them to save costs. It was further noted that the promotion of cooperation among entities in the same or similar trade sector could not only foster access to new markets but also to acquiring new skills and facilitation of such cooperation could collectively advance relative interests, which need not exclusively be monetary, but could also relate to social standards.

### III. Conclusions

44. The discussions at the Colloquium showed the relevance of the current mandate of Working Group I on reducing the legal obstacles encountered by MSMEs throughout their life cycle, as those businesses represent the fabric of most economies around the world and often face the same challenges to their capacity to grow. There was agreement among the participants that MSME cooperation (regardless of its legal form) was crucial to improve their productivity, innovation capacity and competitiveness. Sustainable and competitive MSMEs can play a major role in achieving the SDGs and in supporting the development of women entrepreneurship. As noted above, though (see paras. 42 and 43), diverging views were expressed as to whether an additional legal tool to foster MSME collaboration was needed, beyond the existing models, and whether the harmonisation of those models would result in lowering barriers to the internationalization of MSMEs. The need of a more detailed analysis of the specific needs of MSMEs in the various countries was also voiced as a necessary step to provide effective guidance on this topic.

45. The Working Group considered the findings of the Colloquium and agreed that the topic of contractual networks would not be recommended to the Commission as a matter of priority in the context of its current work (see [A/CN.9/968](#), para. 51).