



# Current legal & compliance challenges for SMEs in practice

ICC (International Chamber of Commerce), founded in Paris in 1919, the only worldwide association of internationally active companies, lawyers and banks that shapes the framework conditions for internationally active business. The ICC also helps to reduce interference by national bureaucracies and to create uniform rules worldwide that are acceptable to business.



# Compliance in relation to

- \* Sanctions & Embargoes
- \* Anti-Money Laundering
- \* Supply Chains
- \* Sustainability
- \* Taxes (VAT, etc.)
- \* Pharmaceuticals, etc

# Companies have to:

- **meet all applicable legal requirements**
  - in country of registration
  - in country of client
  - country of suppliers - e.g., for imported goods from US
- protect company + employees - from fines & prison sentences
- improve their own attractiveness towards
  - business partners, customers, investors, banks, employees
- increase their own professionalism
- protect their reputation from scandals
- recognize risks earlier + take early & proactive action against violations

This applies to SMEs + MNCs, but **SMEs often do not necessary have infrastructure to fulfil these obligations.**

# Challenges in international trade:

- **today's legal framework** for business is very **complex**
- density of regulations is constantly **increasing**

in addition to their actual business companies have to deal with **the following topics**:

- **environmental protection** and **sustainability** requirements
- occupational health and safety
- **know your customer** – detailed information required
- **data protection** and cyber security
- compliance with applicable **accounting rules**
- correct calculation + payment of social security contributions
- complex **customs** and **tax** regulations

# Challenges in international trade

- **competition** regulations, ethics in supply chain, avoidance of child labor,
- **anti-money laundering** and anti-corruption regulations,
- **regular reports** and documentation to **banks**
- **sanctions & embargoes**
- **Extensive documentation and archiving** of these topics required over several years!

all this **increases costs per product** and **reduces competitiveness of SMEs** as

- costs for compliance checks will be similar for Big Players + SMEs,
- but SME need to spread the same costs over fewer sales / products

which jeopardizes the successful participation of SMEs (1/3 of companies) in international trade!

# Additional challenges for SMEs

- **lack of qualified, experienced staff** – compliance is not a field for „Newscomers“ (even if very motivated)
- in practice compliance checks - often **done by employees responsible for customs clearance**; mostly only after signature of contract (too late!)
- SMEs often hesitant to give decision making power to compliance manager
- **in-depth information about structure + finance of potential customers is needed** (shareholders and their spouses/relatives, financing structure etc.)
- SMES have to fulfil different reporting requirements for similar information
  - public authorities,
  - banks,
  - potential business partners



**need for simplification!**

# Ideas for the CLP

- **research of compliance requirements in different countries**
  - through members of CLPs, NCs, etc
  - collect this information (into special database)
- **identify overlapping data requested** from all institutions / partners
  - approx. 70 - 80% of constantly reoccurring questionsbased thereon:
- **develop new tools to make reporting work for SMEs easier, if used from several institutions, banks, authorities for overlapping data**
  - f.e. a develop questionnaire
  - offer a database, etc



**Thank you for your attention!**