

## TTIP & Small & Medium Enterprises (SMEs)

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The US and the EU both consider a TTIP chapter on Small and Medium Enterprises (SMEs) to be important. A study commissioned by the European Commission (EC), below, provides relevant data on the importance of SMEs in trade with the US. Even though their traded value represents only 28% of the total, some 88% of EU firms exporting to the US are SMEs. [The current proposal](#) submitted by the EU only includes incorporating discussions on SMEs that have (already) taken place under the Transatlantic Economic Council (EU-US SME Dialogue) and to supplement this with an exchange of information and data on market access for SMEs.

Based on a survey of SMEs, [the EC has identified trade irritants faced by SMEs](#). Commenting on the [outcome of the survey](#) at a press conference on 20 April 2015, Trade Commissioner Cecilia Malmström vowed to remove the existing non-tariff barriers (NTB) to trade with the US through the currently negotiated TTIP agreement. Arnaldo Abruzzini, Secretary General of EUROCHAMBRES, also [underlined](#) the importance of TTIP for SMEs. In a speech at the Atlantic Council on 14 September 2015, Elżbieta Bieńkowska, the Commissioner for Internal Market, Industry, Entrepreneurship and SMEs, again [discussed](#) the importance of SMEs. On 6 November 2015, DG Trade EU's initial proposal for legal text for " [an SME Committee](#) " in the SME chapter of TTIP.

### Overviews

[The opportunities for small and medium-sized enterprises](#) : Joint EU (EC) -US publication on SMEs, 14 March 2014  
The Transatlantic Trade and Investment Partnership will create new opportunities in both the United States and the EU . These opportunities will be especially valuable for SMEs, given that trade barriers tend to disproportionately burden smaller firms, which have fewer resources to overcome them than larger firms.

Potential TTIP benefits for SMEs include the following:

Tariffs -- Regulatory issues and non-tariff barriers -- Services -- Government procurement -- Customs and trade facilitation -- Intellectual Property Rights -- Electronic Commerce -- Gains through value chains.

[Third countries' reciprocal access to EU public procurement: Detailed appraisal of the European Commission's Impact Assessment](#) / The Ex-ante Impact Assessment Unit of DG Parliamentary Research Services, 22-07-2013

INTA and IMCO Committees requested a detailed analysis of the strengths and weaknesses of the European Commission's Impact Assessment (IA) accompanying the proposal for a Regulation of the European Parliament and of the Council establishing rules on the access of third country goods and services to the European Union's internal market in public procurement

[European SMEs and international trade: Documentation from INTA workshop 24 January 2012](#) / EP, DG EXPO Policy Department, February 2012

Recent data shows that 85% of new jobs, in the EU, between 2002 and 2010 were created by SMEs. However, a very small percentage of SMEs is active beyond the Single Market, notwithstanding rapidly growing market opportunities abroad.

The two key questions in the Workshop were : (1) what are the best policies supporting SMEs in accessing third markets and (2) is a better coordination between national and EU-level initiatives needed, and if so, how to accomplish this. The INTA Committee had requested the organization of the Workshop in order to explore proposals for implementing new strategies to improve the internationalization process

### Analysis

However the [EPRS Detailed Appraisal of the European Commission's Impact Assessment on EU-US Transatlantic Trade and Investment Partnership](#)

*p.53*: underlines the problems in the [Commission`s impact assessment](#) concerning SMEs

[Overcoming Transatlantic Differences On Intellectual Property: IPR And The TTIP Negotiations](#) / Cristina Cirlig, DG EPRS, European Parliament, July 2014

SMEs and IPRs The acquisition and management of IPRs are critical for start-ups and SMEs, for many reasons – signalling current and prospective value to investors, competitors and partners; protecting their innovations; gaining access to revenue, etc.<sup>50</sup> A significant proportion of applicants for patents to EPO in 2013 were SMEs and individual inventors (29%) and, according to the OECD, the smallest firms (fewer than 25 employees) produced the greatest number of patents per employee in the US. However, SMEs encounter significant difficulties, in terms of time and high costs, when it comes to either registering IPRs or defending them. As a consequence, many SMEs tend to prefer other forms of protection, such as trade secrets, confidentiality agreements, marketing advantages, etc., instead of formal IPRs. Beside measures directed to SMEs for the domestic market, the EU and US also make efforts to ensure IP protection on external markets for their export-oriented SMEs (including on each other's markets). A number of IPR-related problems perceived by US SMEs exporting to the EU were put forward in a study, such as the need for stronger protection of trade secrets in the EU or the high costs of obtaining a patent, pending the application of the Unitary Patent.

[Entrepreneurship at a Glance 2015](#) / OECD, 2015

The study presents an original collection of indicators for measuring the state of entrepreneurship, along with key facts and explanations of the policy context. The 2015 edition features a special chapter on the international activities of SMEs.

Impacts, thresholds and national legislation in respect to SMEs / Pedro TELLES, Bangor University, UK, pp. 100-121

In: [Third countries' reciprocal access to EU public procurement: Detailed appraisal of the European Commission's Impact Assessment](#) / Briefing by Elke Ballon , Helmut Werner, 22 July 2013

The Ex-ante Impact Assessment Unit of DG Parliamentary Research Services was requested by the INTA and IMCO Committees to provide a detailed analysis of the strengths and weaknesses of the European Commission's Impact Assessment (IA) accompanying the proposal for a Regulation of the European Parliament and of the Council establishing rules on the access of third country goods and services to the European Union's internal market in public procurement and procedures supporting negotiations on of European Union goods and services to the public procurement markets of third countries. The experts were asked to provide an appraisal of the European Commission's impact assessment, analysing, commenting and possibly complementing it with regard to eight topics, among them the impact on SMEs

[Dimensionen und Auswirkungen eines Freihandelsabkommens zwischen der EU und den USA : Studie im Auftrag des Bundesministeriums für Wirtschaft und Technologie](#) , Gabriel Felbermayr, Ifo Institut für Wirtschaftsforschung, Januar 2013,

pp. 17-18: Effekte auf kleine und mittelständische Unternehmen

pp. 83-106: Kapitel III Simulation von Beschäftigungs-, Produktivitäts-, und firmengrößenspezifischen Effekten

p. 13 "Diese erlauben weitergehende Aussagen zu aggregierter Produktivitätsentwicklung, zur unterschiedlichen Betroffenheit großer gegenüber kleinen Firmen, und zur Arbeitslosigkeit, als dies in der existierende Literatur bisher möglich ist."

[SMEs in Services Trade--A GATS Perspective](#) / Adlung, Rudolf; Soprana, Marta, Intereconomics/Review of European Economic Policy, January 2013, v. 48, iss. 1, pp. 41-50

Unlike traditional (goods-only) trade agreements, the scope of the General Agreement on Trade in Services extends beyond the treatment of products (services) to cover that of suppliers as well. The trade interests of particular groups of suppliers, including SMEs, can thus be addressed directly under the Agreement. This paper provides an overview of potentially relevant policies and policy disciplines. It also seeks to identify the scope for further initiatives, from fostering compliance with existing transparency obligations to advancing the Agreement's liberalisation and rule-making mandates from an SME perspective.

[SMEs and International Trade](#) / Carlo Altomonte, Responsible Official: Dominique Delaunay, EP Directorate-General for External Policies of the Union Policy Department, October 2008

Recent empirical evidence on the international activities of European firms shows that efficiency gains from exporting seem to accrue only to medium and large exporters, due to the presence of relevant fixed costs in the exporting activity. The surveyed policies on the status of SMEs in international trade practices have shown that fixed costs are likely to persist in the future, due to the increasing complexity of international trade operations, and the lack of a systematic policy related to SMEs within the multilateral negotiating framework.

## Stakeholder views

[Investment protection in TTIP: Innovations for small business?](#) / EUROCHAMBRES - The Association of European Chambers of Commerce and Industry, 16 September 2015

EUROCHAMBRES has seen the process leading to today's proposal as a window of opportunity for investment protection to be re-examined with the needs of SMEs in mind.

In this regard, three innovative elements can be found in today's proposal: the possibility to have recourse to a sole Judge, enshrining mediation, and establishing concrete timeframes for the proceedings in the first and second instance

["The Logic of Zero": Boosting SMEs Trade in TTIP](#) / by Maria Salfi, European Centre for International Political Economy (ECIPE), July 2015

The trade benefits from TTIP can be significant, but not necessarily for SMEs. For many SMEs it takes courage to step out of their domestic markets and start exporting. With their resource constraints and the risks associated with getting into a foreign market, a large number of SMEs argues it is not worth it. Trade, for sure, might open up new opportunities to prosper, but for those without any experience in foreign trade, the potential losses can break the financial backbone of the company. There are natural barriers to trade such as language barriers or currency risks.

[TTIP- What's in for Small and Medium-sized Enterprises](#) / Business Europe, 23 April 2015

Small and medium-sized enterprises (SMEs) are the backbone of the European economy, more than 20 million firms that account for over 98% of all enterprises, 67% of total employment and 58% of gross value added. They are a key driver for economic growth and job creation and play an important role in generating innovation.

Micro, small and medium-sized enterprises in Europe are poised to receive significant benefits from the TTIP negotiations. TTIP will include a chapter especially dedicated to SMEs, but more generally all chapters will have provisions that will allow SMEs to benefit from the agreement in different areas such as increased transparency, improved access to public procurement markets, duty elimination, trade facilitation or protection of Intellectual Property Rights.

[Small companies in a big market – How a free trade agreement between the EU and the US benefits small companies in Sweden](#) / Svenkst Näringsliv, 26 February 2015

This new paper released by BUSINESSEUROPE's Swedish member, provides examples of what a free-trade agreement with the USA would mean to small companies in Sweden. Trade with the United States isn't just a concern for big companies. Many small companies export to the USA, or might do so... if barriers were lowered or eliminated

[TTIP: Leveling the Playing Field for Small and Medium Size Enterprises?](#) / German Marshall Fund of the United States (GMF), European Liberal Forum (ELF) and the Friedrich-Naumann-Stiftung (FNS), November 11, 2014

Transatlantic trade is increasingly the business of SMEs. Nevertheless, SMEs are disproportionately affected by the complicated rules governing international trade. The German Association for Small and Medium Sized Enterprises (BVMW), for example, opposes the inclusion of investor-state dispute settlement (ISDS) mechanisms in TTIP on the grounds that the costs would essentially preclude smaller companies from employing the ISDS mechanism.

On Tuesday, November 11, 2014, the [Trade Barriers That U.S. Small and Medium-sized Enterprises Perceive as Affecting Exports to the European Union](#) / United States International Trade Commission USITC, March 2014

This report catalogs trade-related barriers that U.S. small and medium-sized enterprises (SMEs) perceive as disproportionately affecting their exports to the European Union (EU) relative to large exporters to the EU. Various approaches were used to gather information directly from SMEs and other interested parties ("respondents") for this report.

[The Transatlantic Trade and Investment Partnership : Big Opportunities for Small Business](#) / Garrett Workman, Atlantic Council, November 2014 , 21 p.

From July to October 2014, the Atlantic Council conducted a targeted survey and interviews with small business executives from across the European Union and the United States. These businesses represent a range of industries, from consumer goods and manufacturing to pharmaceuticals, automotive technology, and web design. All of the companies surveyed identified the same core challenges to doing business across the Atlantic.

[Defending TTIP: Experts Respond to Mounting Criticism](#) , February 20, 2014

On Tuesday, the German Council of Foreign Relations held a panel discussion on "Transatlantic Perspectives on TTIP: Can TTIP deliver Jobs by Bridging Regulatory Divergences?"

"We think [TTIP] benefits Small and Medium Enterprises (SMEs) proportionally more" than big corporations.

## More information

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