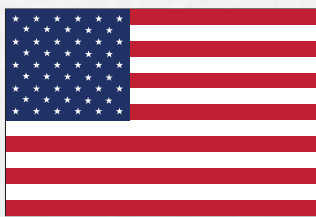


# ***Transatlantic Trade and Investment Partnership*** (TTIP)



***The opportunities  
for small and medium-sized enterprises***

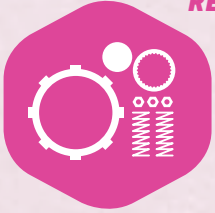
In the European Union and the United States, small and medium-sized enterprises (SMEs) and start-up enterprises are critical motors of growth and job creation. Ninety-nine percent of European and U.S. companies – over 20 million companies in the European Union and 28 million in the United States – are SMEs. In the European Union, SMEs provide two-thirds of all private sector jobs and have a tremendous capacity to create new employment. 85% of net new jobs between 2002 and 2010 were created by SMEs. In the United States, small businesses have provided over half of all jobs and two-thirds of all net new jobs in recent decades. On both sides of the Atlantic, SMEs are an important source of innovation, new products, and new services, and are already benefitting from transatlantic trade. **Here are some examples.**

## Small company success stories: - seizing transatlantic opportunity

**PERKINS PRODUCTS**, a company with 24 employees in Watertown, Massachusetts, makes assistive technology for the visually impaired. Last year, the company sold approximately \$800,000 worth of goods to EU countries, including the UK, France, Sweden, Poland, Germany, Spain, Czech Republic, and Greece, helping visually impaired children to learn braille and providing visually impaired adults with tools to succeed in mainstream occupations. Because the company's products serve people who are often challenged economically, any additional taxes and customs duties can prevent the company's products from reaching those in the greatest need, and lengthy customs protocols add additional export time. David Morgan, Vice President and Company Manager, says, "[t]he concept of a TTIP agreement, which would make it easier for people who are blind or visually impaired to access our assistive technologies, could be a life-changer... literally. This initiative not only makes good business sense for U.S. companies, but also will make visually impaired people more independent and employable in the countries to which we export."



**INTEGRASYS S.A.** is based in Madrid and specialised in satellite telecommunication systems. Their product makes it possible to install satellite antennas quickly while minimising costs and interference with satellite transmission stations. They have already had international success. Now, after considerable marketing efforts in the United States, Integrasys has an opportunity to cooperate with one of the most successful companies in the U.S. satellite industry and is in the process of opening a new sales office in Virginia. Alvaro Sanchez, International Sales Manager told us, "Thinking about the TTIP, we see not only a chance to eliminate specific barriers to trade but also to reduce the psychological gap between entrepreneurs in the transatlantic market. We expect to be one of the European SMEs that will grow significantly in the American market, with the help of the TTIP."



**REKLUSE MOTOR SPORTS** engineers, develops, and manufactures motorcycle performance clutches with approximately 100 employees in its Boise, Idaho, facilities and exports its products to many EU countries, including Austria, Belgium, Denmark, Estonia, Finland, Ireland, Latvia, and Lithuania, working through eight European distribution partners. The company's president, Dwayne Dayley, notes, "our international distributors and customers are very important to our success. We value them and want to make it easier for them to do business with us. Any reduction in regulatory hurdles that cause delays, increase costs, or require onerous documentation when shipping products to Europe would improve our partners' experiences and would be greatly appreciated."

**GROTRIAN PIANOS** is a medium-sized, family-owned company with 60 employees based in Brunswick, Germany. For over 175 years, the company has produced upright and grand pianos. They sell their products through dealers across the United States and around the world. Burkhard Stein, the company's CEO notes that TTIP provisions to simplify customs clearance would greatly benefit their company and reduce costs."



**BIOELECTRONICS CORPORATION**, located in Frederick, Maryland, has approximately 50 employees and makes medical devices that reduce pain and speed healing for consumers. While the company already exports its devices to the EU, and recently received an initial order from a customer in Italy valued at \$150,000, it hopes that TTIP will reduce tariffs and provide easier access to the EU market for its products. "Today we live in a common world market with easy access to one another via emails, Skype, frequent inexpensive flights, and the English language. As the leading innovators, we need to exert market leadership to expand our opportunities," said Andrew Whelan, President of BioElectronics.



**APHESA** is a Belgian company working on the design and production of industrial cameras. Their temperature and pressure-resistant cameras are currently being used in Texas to inspect oil wells damaged by debris, old wells being put back into service, and fracturing wells that need to be inspected before use. They have several clients in the United States, including their biggest, and they are negotiating five new U.S. contracts. Today, they are affected by duties on components that they import from the United States as well as customs formalities when shipping demonstration equipment destined to be returned to Europe afterwards. They hope

TTIP can help address these issues. Arnaud Darmont, Founder and CEO, has had positive experiences with previous trade agreements, the “free trade agreement between the EU and South Korea enabled us to secure a large sale to a South Korean client. We hope that the agreement with the United States will enable us to persuade a certain number of clients with whom we are currently in negotiations.”

**NUSTEP**, with about 80 employees in Ann Arbor, Michigan, makes cross-training exercise equipment for people with physical limitations. The company’s equipment is used in many rehabilitation facilities in the United States and NuStep has already begun exporting its products to the EU, including Denmark, France, Germany, the Netherlands, and the UK. For example, a recent sale helped a gym studio owner in Dusseldorf, Germany provide services to elderly clients with limited mobility. The company feels that the biggest positive impact of TTIP will come from reduction and elimination of tariffs, as many of its European distributors are purchasing products in containers and paying a significant amount in tariffs due to the high value of the content of each container.



**FULLER SMITH & TURNER PLC** is an independent brewery and pub retailer established in 1845 and based in London, United Kingdom. Fuller’s produce a range of award-winning beer, including London Pride and ESB and have been exporting beer internationally for 25 years. The U.S. is one of their largest markets. The company hopes that the TTIP can help expand market access and distribution for their products notes Michael Campbell-Lamerton, Export Controller.



**KLINGE CORPORATION**, with approximately 50 employees, based in York, Pennsylvania, makes refrigerated and power-generating container systems that help customers around the world export and ship perishable and delicate goods. Klinge sources some of its products from Europe, such as control system components, and has exported to Germany, the UK, Denmark, Finland, France, Sweden, Norway, Italy, and Hungary. For example, Klinge has made total sales of over \$7.5 million to the Sweden Defence Force. The company's Vice President and Sales Manager, Alan Klinge, views TTIP positively because reducing trade barriers "would be helpful in reducing costs and...making Klinge more competitive."

**CONSERVAS EL RAAL, S.C.L.**, of Murcia, Spain, makes canned artichokes and peppers and was established in 1988. The American market represents 30% of the global artichokes and peppers' sales so is an important component of their business. Following reductions in U.S. duties on these products in other trade agreements, Conservas El Raal has found it hard to compete on the U.S. market. As General Manager Pedro Herrera Vigueras puts it "The TTIP is vital for us. Once the duties are eliminated, we expect to recover, secure and strengthen our position in the U.S."



## Benefits of TTIP for SMEs

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.** There are millions of small manufacturers and producers in Europe and the United States. They produce some 30 percent of goods exports from both markets. As a result, SMEs are very well-placed to gain from the elimination of tariffs that TTIP aims to achieve. In sectors where tariffs are still relatively high, those gains could be very significant. In today's competitive global marketplace, even small increases in a product's cost due to tariffs can mean the difference between making and losing a sale for SMEs. In some cases, the removal of tariffs could allow SMEs to sell their products across the Atlantic for the first time.
- **Regulatory issues and non-tariff barriers.** Smaller businesses on both sides of the Atlantic can be disproportionately affected by non-tariff barriers, which can take the form of requirements applied at the border or "behind-the-border" barriers. Compliance with such measures can be challenging and resource intensive.

A central shared goal of TTIP is to yield greater openness and transparency, reduce unnecessary costs and administrative delays and promote enhanced regulatory compatibility, while achieving the levels of health, safety, and environmental protection that each side deems appropriate and meeting other legitimate regulatory objectives. Furthermore, TTIP aims to ensure that regulations are developed in ways that lead to more efficient, cost-effective and compatible regulations through, for example, use of impact assessments and the application of good regulatory practices. Progress in this area will ensure that impacts on SMEs are taken into account in the regulatory process, reduce companies' costs, and potentially open up new markets for them, both across the Atlantic and globally.

- **Services.** The European Union and the United States are the world's largest service exporters, and many service providers – e.g., accountants, engineers, information technology specialists, and environmental services consultants – work in smaller businesses, often as part of the value chain of larger firms. These smaller service providers would benefit from the improved legal certainty and new market access that TTIP would provide.
- **Government procurement.** Improved transparency of and access to government procurement markets would also benefit small firms. This is important because public entities in both the United States and the European Union buy a broad range of goods and services from private sector businesses, which leads to job-supporting opportunities for industries that provide consulting services, infrastructure, and other products and services.
- **Customs and trade facilitation.** Lower costs, more transparency, and less red tape at borders could benefit small exporters and producers even more than their larger competitors, as well as small retail, wholesale, transport, and logistics firms. A key aim of the TTIP negotiations is to boost trade by reducing unnecessary border costs and delays for traders by improving predictability, simplicity, and uniformity in border procedures. Customs and trade facilitation reforms through TTIP would make it easier for SMEs to participate in transatlantic trade and to support jobs through that trade.

- **Intellectual Property Rights.** SMEs are also leaders in innovation and creativity that drive job creation and economic growth in the transatlantic marketplace. They need strong protection of their intellectual property rights (IPR), particularly because they are often highly vulnerable to infringement of their IPR. The TTIP will reaffirm the shared transatlantic commitment to strong IPR protection and enforcement for SMEs, including in our other trading partners.
- **Electronic Commerce.** The Internet is empowering millions of U.S. and EU SMEs to reach foreign customers, thereby increasing their revenues and supporting jobs in local communities. Online SMEs are much more likely than their offline counterparts to export to customers in multiple countries. TTIP provisions that promote the duty-free treatment of digital products, and consumer access to services and applications of their choice on the Internet can help American and European SME retailers and service providers thrive in the online marketplace.
- **Gains through value chains.** Many smaller firms that do not export directly to the EU or the United States would nonetheless benefit from TTIP by selling intermediate goods and services to companies that do trade across the Atlantic. In this way, SMEs would benefit from the agreement even if they are not yet exporting outside of their home market directly.

## SMEs and TTIP

U.S. and EU negotiators are working to ensure that SMEs are in a position to take full advantage of the opportunities that an agreement would provide.

As part of this effort, negotiators are discussing the inclusion of a chapter dedicated to SME issues. Such a chapter could establish mechanisms for both sides to work together to facilitate SMEs' participation in transatlantic trade after TTIP takes effect. Provisions could also include an SME committee that would engage with the small business community and the development of web-based information and other resources to help SMEs understand the provisions of the agreement and how they can benefit from it.

A chapter on SMEs could also strengthen existing cooperation between the U.S. Department of Commerce and the European Commission. That work aims to help SMEs benefit from transatlantic trade and investment through workshops and other programmes. Future cooperation under a TTIP SME chapter could help SMEs take better advantage of commitments in other parts of TTIP that may have particular importance for them.

