

Opinion of the European Economic and Social Committee on the TTIP and its impact on SMEs**(own-initiative opinion)**

(2015/C 383/06)

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On 11 December 2014, the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on the:

TTIP and its impact on SMEs.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 11 June 2015.

At its 509th plenary session, held on 1 and 2 July 2015 (meeting of 2 July), the European Economic and Social Committee adopted the following opinion by 187 votes to 2, with 2 abstentions.

1. Conclusions and recommendations

1.1. Given the importance of SMEs for the European economy, the EESC considers it essential, particularly in light of the implications for employment and professional codes of conduct, to have an impact assessment detailing by sector and by Member State the likely consequences that the entry into force of the Transatlantic Trade and Investment Partnership (TTIP) would have, under current negotiating terms, on European SMEs.

1.2. The two studies conducted by DG Trade on SMEs, one on challenges and opportunities for exporting SMEs in general ⁽¹⁾ and one more recent study published in April 2015 specifically on SMEs and the TTIP ⁽²⁾, are useful but do not cover all aspects. They are relevant in the way they present certain difficulties relating to the internationalisation of SMEs and the trade and regulatory barriers they face, but they do not provide an exact, evidence-based and detailed assessment, by sector and Member State, of the impact that the TTIP could have on exporting and non-exporting companies integrated into the various value chains.

1.3. The EESC therefore calls on the European Commission to carry out a new impact assessment on SMEs or very small enterprises (VSEs), micro-enterprises and liberal professions, regardless of whether or not they intend to export, in order to gauge the potential impact of an integrated transatlantic market in their sectors of activity (agriculture and agri-food, tourism, crafts, the hotel industry, catering, manufacturing and services, etc.). It is crucial to be able to anticipate how these businesses will be affected by the opening of a more integrated transatlantic market. Will the TTIP bring about a change in their business models, production methods, regulatory framework, service delivery or strategies in terms of investment and jobs once this new area of competition is in place?

1.4. The EESC would like to use the opportunity provided by the negotiations with the US to better monitor SME support policies on each side of the Atlantic through an evidence-based approach (e.g. benchmarking public procurement and SMEs, access to finance and to capital market conditions, disaster management, access to market information/requirements and Small Business Standards). This comparison will doubtless identify appropriate new measures for supporting SMEs and thereby strengthen the practical implementation of the European Small Business Act (SBA). The Committee is currently drawing up an opinion on the subject (INT/755) which follows up on previous opinions on the same subject. It considers that the time has now come for the European institutions to heed the call by European and national SME organisations for a legally binding SBA and more closely coordinated industrial and trade policies. The network of 'SME envoys' also needs to be turned into a more effective real authority responsible for coordinating, monitoring and enforcing SME policy in the internal market, advocating the emerging needs of and appropriate solutions for SMEs.

⁽¹⁾ DG Trade Chief Economist Note *SMEs are more important than you think! Challenges and opportunities for EU exporting SMEs* (http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152792.pdf).

⁽²⁾ *Small and Medium Sized Enterprises and the Transatlantic Trade and Investment Partnership* (http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153348.pdf).

1.4.1. The SME category in the EU is itself highly varied, with a high percentage of very small enterprises with fewer than nine employees. Moreover, the distribution of SMEs by size also varies widely among the Member States. The same is true for regulated and non-regulated liberal professions. Given the strong presence of micro-enterprises in trade, manufacturing and craft industries, the EESC recommends that the European Commission in coordination with the authorities of the Member States most concerned (including public/private research institutes and universities), organise local awareness-raising and information campaigns and training seminars in order to ensure better understanding of the various chapters of the TTIP and the sectors covered, the opportunities involved and the 'points to watch'.

1.4.2. In the EU the liberal professions — regulated and non-regulated — represent a system of sensitive services in the interest of clients and society in general that have been granted a specific role.

1.5. The EESC is pleased that there is a chapter on SMEs in the negotiations but would like to improve the content, and has therefore drawn up proposals set out in the section on specific comments. The current content proposed by the European Commission needs to be fleshed out in several areas, including ways in which SMEs may be represented in the future SME committee and the remit of this committee.

The EESC asks the Commission, the European Parliament and other competent authorities to introduce an 'SME chapter' as a permanent chapter in current and future trade negotiations in which the interests of EU SMEs will be taken into account in order to deploy the potential benefits in different regions and markets.

This, along with the 'think small first' principle applied in trade policies, will guarantee that SMEs could and should be beneficiaries and first actors of globalisation processes.

1.6. The EESC asks the European Commission's SMEs envoy to ensure that small and micro-enterprises and the liberal professions are represented in the negotiation process, with at least one specific seat on the TTIP Advisory Board, in order to overcome information gaps, to guarantee necessary multi-sector expertise and to be compliant with basic transparency on information/data of common interest. It would also recommend that SMEs' economic, professional and sectoral organisations be assisted when providing SMEs and micro-enterprises with support and guidance in cooperation with interested science and research bodies, and that financing measures be established where necessary. The EESC calls for the mutual recognition of qualifications and certifications for all stages of government activity and a level playing field at all levels of public procurement (including federal states, regions and municipalities).

2. General comments

2.1. *The importance of SMEs on both sides of the Atlantic*

On both sides of the Atlantic, SMEs represent the bulk of the economy, added value and job creation, even though the term 'SME' is defined differently. This means that the major economic impact of the Transatlantic Trade and Investment Partnership (TTIP) being signed in terms of added value and creation of links will come from SMEs and their capacity to seize the opportunities to break into new markets and adjust to the new situation. Various studies show that SMEs engaged in internationalisation are more innovative, grow more rapidly and create more and better paid jobs.

2.1.1. *The EU and its SMEs — or VSEs, as is very often the case*

In the EU, a small and medium-sized enterprise is a company employing fewer than 250 people with a turnover of less than EUR 50 million. According to the figures of the European Commission, there are more than 20 million SMEs in the EU which represent 98 % of all companies, 67 % of total employment and 58 % of gross added value. EU SMEs created 85 % of all new European jobs between 2002 and 2010.

According to the European Commission's most recent report, European SMEs contribute 28 % of total direct exports to the US, an indication of the growth potential. Out of the 790 000 European companies exporting to non-EU countries, 619 000 are SMEs, and 353 000 of these are VSEs with fewer than 9 employees, proof that their size does not prevent them from exporting ⁽³⁾.

The number of European SMEs currently exporting to the US is relatively low, however: 150 000, according to the abovementioned report, including 65 000 with fewer than 9 employees. This proportion — less than 1 % of the over 20 million European SMEs — seems very low. Many SMEs and VSEs of certain countries (e.g. Italy) rank highly in terms of number of businesses trading with US markets. However, Eurostat data take account only of direct exports and not indirect exports; in other words, they disregard the fact that many SMEs/VSEs work as subcontractors or on a 'B-to-B' (business to business) basis, producing intermediate goods or services which are then assembled for export to the US. This modest figure can also be explained by the number of European SMEs and VSEs tied to the local economy ('face-to-face' economy) which are not interested in exporting or investing abroad. On the other hand, there is certainly significant growth potential for companies that may, or already do, export to other third countries.

2.1.2. *SMEs in the US: more structured enterprises*

In the US, SMEs are firms with fewer than 500 employees, though the number can rise to as many as 1 000 or 1 500 in some sectors ⁽⁴⁾. These companies — which may consequently be several times larger than their EU counterparts — are also the backbone of the US economy. The 28 million US SMEs make up 99 % of all firms, employ over 50 % of private sector employees and generate 65 % of net new private sector jobs.

2.2. *The importance of the TTIP for SMEs*

2.2.1. Due to their size, SMEs are often disproportionately affected by high customs duties and burdensome regulatory requirements in transatlantic trade because, with a small amount of trade in terms of volume and value, they need more resources and competences than bigger firms to overcome trade barriers. For these reasons, they will benefit from the tariff and non-tariff liberalisation measures provided for in the transatlantic agreement. In its opinion on *Transatlantic trade relations and the EESC's views on an enhanced cooperation and eventual EU-USA FTA*, the EESC has already listed the opportunities and the points that need to be watched in all the areas covered by the negotiations ⁽⁵⁾.

2.2.2. One of the chief advantages that the TTIP is expected to deliver for SMEs is the outcome of regulatory cooperation, which could lead to the harmonisation and approximation of certain rules and the mutual recognition of inspection or certification. However, the EESC would here like to point out that both parties have pledged not to use the TTIP to lower existing technical standards. Therefore, an analysis of the value added delivered by the EU Small Business Standard experience, supported by the Commission in partnership with the most representative SME organisations, could be very promising. Regulatory cooperation must be transparent and comply with the regulatory autonomy of the Member States and of the EU while maintaining their ability to adopt measures which they deem appropriate in areas such as protection of health, consumers, workers or the environment.

2.3. *The international development of SMEs*

According to the WTO, the international development of SMEs can be divided into four steps:

- direct exports to a foreign country,
- exports with the support of foreign independent professionals,

⁽³⁾ See footnote 1.

⁽⁴⁾ https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf

⁽⁵⁾ OJ C 424, 26.11.2014, p. 9.

- creation of subsidiaries in the foreign countries,
- establishment in the third country in order to produce and sell in the export country.

Each step requires additional information, administrative compliance capacities and human and financial resources because SMEs need to be aware of export market regulations before starting to export goods and/or services. Thereafter, they must be able to design a more permanent strategy to establish themselves and ultimately become fully integrated in the export country, with local companies employing local human resources in compliance with local regulations. Of course, the digital economy could help some SMEs to become international more quickly. The rapid expansion of e-commerce provides small companies with larger business opportunities, particularly in the sector of consumer goods (B-to-C), and for liberal professions also in the B-to-B sector.

The Commission's analysis also shows that there is a connection between the size of the enterprise and the volume exported. SMEs account for 81 % of exporting firms, but only 34 % of the volume exported⁽⁶⁾; however, worldwide, they account for more than 50 % in some specialised niche markets.

2.4. *Level of internationalisation of SMEs in the US and the EU*

The level of internationalisation of European SMEs is reported to be higher than that of US SMEs. This is mainly due to EU SMEs' involvement in intra-European trade, the development of which is far from complete. This is the first step towards their internationalisation and enhanced knowledge of foreign markets and enables them to look for business opportunities outside the EU. Size does not seem to be an impediment: in some Member States, 90 % of exporting firms are SMEs, and some sectors, such as fashion, agri-food products, machines or furniture, are particularly geared towards exports.

Although statistics on this subject are somewhat scarce and sometimes difficult to analyse owing to the different methods used and data which are not always comparable, studies carried out for the European Commission⁽⁷⁾ show that in the EU, 42 % of SMEs are active internationally in one way or another.

Internationalisation is often linked to factors such as:

- export intensity of the industry in which SMEs are engaged,
- size of the domestic market.

The internationalisation of European SMEs is higher in sectors such as wholesale trade, mining, manufacturing, research and sale of motor vehicles, and relatively low in sectors such as legal services, construction, planning and development and human health services which by definition need direct access to the client or patient⁽⁸⁾.

According to the US study on this issue⁽⁹⁾, SMEs accounted for approximately 30 % of known US merchandise exports, with the main export markets for SMEs being Canada and Mexico — in other words NAFTA partner countries. Electrical products, machinery and chemicals are amongst the top merchandise export categories for SMEs. Data for US SMEs service exports are quite limited but professional services is the sector where US exports are estimated to make up a substantial share.

⁽⁶⁾ See footnote 1.

⁽⁷⁾ *Internationalisation of SMEs* — Final report 2010. *Annual report on European SMEs 2013/2014* (http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/files/supporting-documents/2014/annual-report-smes-2014_en.pdf), p. 62.

⁽⁸⁾ See footnote 7.

⁽⁹⁾ U.S. International Trade Commission (USITC), *Small and Medium-Sized Enterprises: Overview of Participation in U.S. Exports 2010* (<http://www.usitc.gov/publications/332/pub4125.pdf>).

2.5. *The current role of SMEs in the transatlantic trade and investment market*

Bilateral transatlantic trade is characterised by a high proportion of trade between multinational companies. This means that most of this particular bilateral trade is composed of intra-group flows of services and goods, trade in intellectual property licences and rights, and capital flows between parent companies and their subsidiaries.

The Commission study on SMEs and the TTIP states that SMEs accounted for 28 % of EU exports by volume in 2012. This is below the 32 % average for SME exports by volume for all markets outside the EU. It also has to be seen in terms of the percentage of SMEs among companies exporting to the US, which is 88 % — significantly higher than the average of SMEs exporting outside the EU, standing at 78 %. These figures confirm the hypothesis that a large part of the volume of exports is generated by intra-group trade, hence the potential of a transatlantic agreement as a stimulus for European SME exports and investments. It should however be noted that this figure does not take into account indirect exports by European SMEs which, as subcontractors and manufacturers of semi-processed products, contribute to the making of complex finished products exported to the US. At Member State level, there are major discrepancies in the number of exporting SMEs and the volumes exported.

There are no exact figures for the number of US SMEs exporting to the EU or the volume of such exports. However, SMEs in the United States account for 33 % of US exports⁽¹⁰⁾, a figure very close to the one seen in the European Union.

2.6. *The main barriers faced by SMEs*

Because of their size, SMEs generally find it more difficult to enter foreign markets, to support the additional costs linked to trade in small quantities of goods, and to adjust to local regulations. According to Sergio Arzeni, Director of the Centre for Entrepreneurship, SMEs and local development of the OECD, 'the cost of compliance for SMEs could be 10 to 30 times higher proportionally than the ones for the large companies'⁽¹¹⁾.

To sum up, when expanding internationally, SMEs face difficulties brought about by their small size and limited resources, difficulties that they have to overcome before they can even start to tackle specific barriers to trade and investment. These specific barriers are as follows:

- barriers to access to export finance,
- lack of up-to-date information and data on requirements related to products/services,
- insufficient knowledge of the market for their products or services (market studies),
- difficulty in identifying and getting in touch with potential clients,
- staff who do not have adequate training in dealing with international development or establishing contacts with investors or importers,
- lack of incentives and support from the public authorities and too much red tape surrounding public support policies,
- cultural and language barriers,
- inconsistent regulations and systems for harmonising and recognising qualifications and licences.

⁽¹⁰⁾ Atlantic Council, *The Transatlantic Trade and Investment Partnership — Big Opportunities for Small Business* (http://www.atlanticcouncil.org/images/publications/TTIP_SME_Report.pdf) p. 3.

⁽¹¹⁾ WTO, *wt/COMTD/AFT/W/53*, p. 23.

In view of these shortcomings, SMEs primarily need mentoring services and tailored advice (personalised follow-up or coaching, tutoring or mentoring, etc.) generally provided by their professional and sectoral bodies.

As regards the trade and investment barriers faced by European companies in the US, it is relatively difficult to prioritise them because companies often describe the barriers encountered without necessarily ranking them in specific categories. There is also a difference between obstacles perceived by non-exporting firms and obstacles actually faced by exporting firms. However, looking at the various studies and surveys carried out ⁽¹²⁾, the main obstacles may be described as follows:

- the widely varying levels of liability and the possibility of taking out insurance at market costs,
- export costs (excluding customs duties) arising from the cost of transport, the duration and complexity of customs formalities and the need to have or to pay a customs agent and, particularly in the US, to take out insurance to cover the cost of any liability claims,
- difficulties in accessing export credit,
- taxes and customs duties, which are still a major barrier for some sectors, such as tobacco, textiles and clothing,
- the complexity of rules of origin and the cost of certificates of origin,
- compliance with the different technical or sanitary and phytosanitary rules and certification and inspections relating to these rules,
- technical and sanitary regulations required only in certain American states or rules which differ between states,
- different qualification requirements and restrictions on activity in individual states and local regulatory areas;
- the protection of intellectual property rights, particularly non-compliance with denominations of origin and different sets of rules on trademarks and patents;
- the cost of legal protection and market surveillance for European companies holding geographical indications;
- public procurement restrictions arising from the 'Buy American Act' and the frequent changes aimed at extending its scope,
- the complex procedures for obtaining visas, residence, work permits and for starting economic activity in the United States,
- restrictions or licences required at federal level or at the level of federal states in the case of some service providers.

These obstacles are not exclusive to SMEs, but they have more of an impact and are more dissuasive. In terms of the TTIP, most of them will be the subject of specific chapters to be applied across the board to all businesses. As a result, the SME chapter in the TTIP will be somewhat limited: promoting the participation of all SMEs in the transatlantic market by making the relevant information available and strengthening cooperation between the public authorities responsible for SMEs.

⁽¹²⁾ Atlantic Council, *The Transatlantic Trade and Investment Partnership — Big Opportunities for Small Business* (http://www.atlanticcouncil.org/images/publications/TTIP_SME_Report.pdf p. 3); *Small and Medium Sized Enterprises and the TTIP* (http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153348.pdf); *Small companies in a big market* (http://www.svensktnaringsliv.se/english/publications/small-companies-in-a-big-market-how-a-free-trade-agreement-between_611404.html).

2.7. *Support for SMEs*

2.7.1. In view of the obstacles that they encounter and their limited resources, SMEs — particularly small and micro-enterprises — primarily need mentoring services and tailored advice, including in the area of employee training (personalised follow-up or coaching, tutoring or mentoring, etc.) generally provided by their professional and sectoral bodies. Steps must be taken to ensure that these bodies have the logistical resources needed to be able to inform and advise businesses and provide them with tailored support, partly through the European Structural and Investment Funds (ESIF).

2.7.2. In addition to the mentoring services and advice tailored to each SME on the basis of its specific characteristics and needs, businesses must be able to access the resources needed to cover their tangible and intangible investments. To this end, alongside the European Structural and Investment Funds (ESIF), the EESC recommends that the COSME programme's financial instruments, particularly venture capital and guarantee systems, be readily accessible to SMEs including those willing to invest in the US markets.

2.7.3. The EU should review the insurance available for exports of goods and services and develop options that are market-compatible.

2.8. *The current SME chapter in the TTIP*

The EESC is pleased that the TTIP includes a chapter devoted exclusively to SMEs, but intends to reinforce the content (see proposals in the 'Specific comments' section). The European Union proposal for a legal text on 'Small and Medium-Sized Enterprises' in the TTIP was tabled for discussion with the US in the negotiating round of 19—23 May 2014. For the EU, this will be the first chapter of its kind in a free trade agreement. The text was made public on 7 January 2015⁽¹³⁾. This text takes the shape of a Chapter X on small and medium-sized enterprises (SMEs) and touches on various issues in order to increase SMEs' participation in trade and exchange best practices.

2.8.1. *Cooperation on SMEs*

The Parties should exchange information, develop and make available tools and resources related to intellectual property rights, share good regulatory practices, support measures for businesses, and encourage venture capital and investment in small companies in order to increase SMEs' competitiveness in international trade.

2.8.2. *Market data and information sharing*

The current proposal of Article X(2) covers information-sharing between Parties. A website containing the most relevant information (such as the text of the TTIP Agreement, customs regulations, registry of technical regulations in force, sanitary and phytosanitary measures, rules on public procurement, and business registration procedures) should be established. The Data Harmonisation Programme concerning the most relevant areas of interest of SMEs should be the subject of a joint analysis carried out by an ad hoc EU/US expert Task Force.

An online database with all tariff nomenclature codes and rates of duty, rules of origin, country of origin marking requirements, etc. should be provided by the Parties in all EU languages.

2.8.3. *Help desk*

A single information point is mentioned in the text proposed by the European Commission (Article X(2)c). It is also required by the Transatlantic Economic Council. An extended sub-network of such information points, supported by reliable representative organisations of SMEs with established contacts in the EU and US business environments could guarantee a qualified impact and more committed involvement by different authorities and a wide range of stakeholders.

2.8.4. *Establishment of an SME committee*

Draft Article X.4 aims to establish a transatlantic committee.

⁽¹³⁾ http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153028.pdf

3. Specific comments

3.1. *Gauging the impact of differences in how SMEs are defined*

The Europeans and Americans interpret the concept of 'SME' differently, with a maximum possible difference in the number of employees ranging from 250 to 1 000. In addition to this, the US definition is defined by sectors ⁽¹⁴⁾ — it refers mainly to companies employing fewer than 500 but in some sectors include companies up to 750 and even 1 000 employees. For most sectors, it does not refer to turnover or balance sheet total.

The EESC asks the European Commission to draw up a detailed table of the definition of SME in the US, sector by sector, and most importantly to begin work to verify that these differences in definition are not detrimental to smaller European SMEs.

3.1.1. The professions — regulated and non-regulated — are a special kind of SME that exists in various shapes and to varying degrees in all the EU Member States. These SMEs offer goods and services based on specific expertise; they are highly trusted by their customers and must meet particular standards of independence. Not only are they important economic partners, they also play a role in the European social model.

3.2. *Assessing and monitoring the impact of a broader transatlantic market on exporting and non-exporting enterprises*

Given the importance of SMEs for the European economy, the EESC considers it essential, particularly in light of the implications for employment, to study a plan for an impact assessment detailing by sector and by Member State the likely consequences that the entry into force of the TTIP would have, under current negotiating terms, on European SMEs. Ex ante and ex post impact studies need to be conducted on SMEs/VSEs, micro-enterprises and liberal professions, whether or not they intend to export, in order to gauge the potential impact of the creation of a transatlantic market.

The European Parliament has already looked at the impact of the TTIP on manufacturing industries and the energy market, and has concluded that the impact will be positive, but will vary according to the sector of activity ⁽¹⁵⁾. The impact on other sectors, however, with closer links to the local economy (agriculture, tourism, crafts, the hotel industry, ICT, catering, industry, self-employed, services, liberal professions, etc.) has not yet been specifically studied.

The next negotiation rounds of the TTIP need to achieve an ambitious outcome for the agricultural sector, with special emphasis on market access, geographical indications and sanitary and phytosanitary measures. It is imperative to preserve the high standards of food safety and animal and human health in force in the EU.

It is crucial to be able to anticipate how these businesses will be affected by the opening of a more integrated transatlantic market. Will the TTIP bring about a change in their business models, production methods, service delivery or strategies in terms of investment and jobs once this new area of competition is in place? It is also necessary to provide for adjustment measures and policies enabling all European SMEs to make the most of the TTIP.

3.3. *A new de minimis threshold to help SMEs/VSEs to 'test' the market on a very small scale*

De minimis limits set thresholds below which no duty or tax is charged and clearance procedures, including data requirements, are minimal.

There is a demand from the Atlantic Council and generally a push from the US side to raise the existing *de minimis* limits to USD 800 for packages shipped by small businesses entering the United States or the European Union (current levels are respectively USD 200 and EUR 150). In the EU, even if the goods are exempt from customs duties, VAT is levied on consignments with a value of more than EUR 10 to EUR 22 (depending on the Member State).

⁽¹⁴⁾ https://www.sba.gov/sites/default/files/files/Size_Standards_Table.pdf

⁽¹⁵⁾ ITRE Committee, *TTIP impact on European Energy markets and manufacturing industries*, 2015
([http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536316/IPOL_STU\(2015\)536316_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2015/536316/IPOL_STU(2015)536316_EN.pdf)).

Raising the *de minimis* threshold for travellers arriving by air, and on inbound packages, could help SMEs, particularly new start-ups, particularly in the area of consumer goods, to start their exports at a low scale or to engage in online business without paying any duties. The EESC asks the European Commission to assess the feasibility of this demand (impact on customs revenues, intellectual property rights, etc.). The EESC welcomes the EU initiative to set up a database — *10 things to know when doing business online*⁽¹⁶⁾ for European operators who export their goods to other EU Member States. The Committee believes that this database could also be adapted to transatlantic trade.

3.4. Necessary access to all relevant information on a multilingual portal

The EESC supports the Commission's request as regards the creation of a portal for SMEs and would like to make the following requests:

- all information should be provided in the 24 official EU languages,
- the software tool should be as simple as possible and user friendly,
- the operation of the database should be tested by a panel of EU SMEs in order to be sure that the tool answers their needs,
- the database should also include a human interface with a team able to answer questions on the US and EU sides.

The Commission report on SMEs and the TTIP shows clearly that a substantial number of firms, whilst being aware of the measures that apply to their exports, have no way of knowing whether these are federal measures, federal state measures or private standards. It is therefore important that the authorities are able to identify systematically which procedures and regulations are found to be particularly difficult for SMEs and to provide specific forms explaining the problem and the procedure for complying with requirements.

3.5. A representative SME committee with specific prerogatives

The EESC is pleased that the dialogue already in place is to be put on a formal footing by the European and American authorities responsible for SMEs. Nevertheless, it considers that SME organisations should be appropriately represented in the transatlantic dialogue concerning them, and that the membership of the future SME committee should not be limited to national administrations but opened up to organisations representing SMEs/VSEs and micro-enterprises on both sides of the Atlantic. Certain regulatory framework conditions for SMEs will also have substantial effects on the employees and customers of SMEs. Representatives from these interest groups should therefore be present on the future SME committee as members, in order to bring their interests to bear accordingly from the outset.

The EESC suggests that the future SME committee be given the following remit: monitoring the way in which the TTIP is implemented in respect of SMEs/VSEs and micro-enterprises, and its effects on their employees and customers, conducting impact studies, issuing proposals on how to solve the difficulties encountered by SMEs/VSEs and micro-enterprises and their employees and customers, and channelling information to these businesses, etc.

3.6. An information campaign at national and regional levels

Correct information for SMEs is key to enabling them to benefit from the new trade opportunities offered by the TTIP (removal of customs duties, trade facilitation and regulatory cooperation resulting in approximation or mutual recognition of conformity assessments, qualifications and professional regulations).

This information cannot only be provided by websites. In order to increase SMEs' knowledge and understanding of available tools and public support initiatives, an awareness-raising campaign involving international trade specialists and experts on export to and investment in the US should be rolled out for SMEs. Existing tools that can help internationalisation of SMEs such as the Market Access Database and Enterprise Europe Network are still largely unknown to SMEs. Efforts to achieve internationalisation and going abroad for companies begin in their home countries; therefore attention should be paid to resources and help for SMEs could be provided at Member State and, possibly, at EU level.

⁽¹⁶⁾ <https://ec.europa.eu/growth/tools-databases/dem/watify/selling-online?language=en>

The EESC also recommends establishing a network of associations of European and American SMEs, with the task of promoting the TTIP with an authentic 'bottom-up' approach.

3.7. Deepening the European policy for SMEs

3.7.1. It is important that the TTIP is not seen as a tool for dismantling preferential treatment for SMEs given in public procurement contracts at local and regional level. Such preferences should be maintained by the TTIP, provided they apply without distinction to European and American SMEs.

3.7.2. In addition, it is crucial that the 'Think Small First' principle is applied in the negotiation process and in regulatory cooperation, so that the priorities and real-life situations of small and micro-enterprises are taken into account from the very beginning of the legislative process and their specific interests safeguarded. The EESC therefore asks that small and micro-enterprises be specifically represented on the TTIP Advisory Board.

3.7.3. As regards regulatory cooperation, it must be possible to offer tailored support to help SMEs, particularly small and micro-enterprises, achieve regulatory compliance.

3.7.4. It should be stressed that a large number of the companies likely to invest in or export to the transatlantic market are companies that innovate and need rigorous, clear rules on the protection of intellectual property, both in the US and in the EU.

3.7.5. As regards the agri-food sector, special attention needs to be paid to companies that base their production and related processes on ethical, cultural and environmental considerations. It is crucial to continue to foster trade in such products as they contribute to sustainable development. It is also necessary to ensure proper protection of geographical indications, as these provide consumers with a guarantee both of a product's origin and of its method of production. The EU has for years been pursuing a quality policy for its products: this is one of the main factors in giving EU producers a competitive edge, makes a significant contribution to preserving its cultural and gastronomic tradition, and upholds rural development together with policies to support the market and producers' incomes.

3.7.6. In a separate opinion, the EESC will be taking stock of the Small Business Act (SBA) in the US and the EU in order to have a clear understanding of the benefits that the US SBA offers American SMEs in terms of access to public procurement or financing, for example. It will thus be possible, at the appropriate juncture, to propose improvements to and more efficient working methods for the European SBA, with a view to making it more favourable for European SMEs and more binding.

Brussels, 2 July 2015.

The President
of the European Economic and Social Committee
Henri MALOSSE
