

The Transatlantic Trade and Investment Partnership (TTIP) – new business opportunities for SMEs

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FACTSHEET

SMEs and the TTIP

SMEs are the backbone of the European economy. It is therefore important to take into account their needs and challenges in order to strengthen the European economy. The “think small first” principle introduced by the European Union is a good example of how this can be achieved. A recent survey of the IHKs in Germany showed that 70 percent of SMEs, which engage in cross border activities, expect a positive impact on their businesses by the TTIP. In order to fully exploit this potential, it is necessary to apply the “think small first” principle also to the TTIP negotiations.

Against this background, we welcome the recently published proposal of the European Commission for a separate SME-chapter in the TTIP. According to the proposal, the TTIP will underline the importance of SMEs for economic growth, employment and innovation in its preamble and hence emphasize the need for further support of SMEs.

What needs to be done

Due to special constraints of financial and human resources, size, sector, etc., it is particularly difficult for SMEs to comply with unjustified administrative and bureaucratic rules and procedures. Hence, the following two conditions are crucial for SMEs:

- 1. Information on rules and procedures must be transparent and easily available.**
- 2. Rules and procedures must be simple, clear and comprehensible.**

The proposal of the European Commission for an SME-chapter includes a detailed list that aims at providing SMEs with relevant information. This is a positive step towards an SME-supportive structure, provided that the information tool is comprehensive and easy to manage.

As the experience of the Chambers has shown, available information, transparency and comprehensibility are not the only key issue. It is particularly important that the TTIP also reflects the following concerns of SMEs:

- **Mutual recognition of equivalent standards, norms and certifications**

Different certifications and rules of approval of products as well as technical standards lead to additional costs and require human resources for SMEs even if safety requirements are of a comparable level in the EU and the US. Reciprocity of standards must also be extended to the regional and local level.

- **Simplification of customs procedures**

Simplification of customs procedures is one of the main issues for SMEs. Especially security measures often turn out to be particularly burdensome, e. g. the "known consignor" status and the X-ray scanning of products.

- **Tariff elimination**

Although tariffs are generally low for most products, SMEs still consider them to be an important barrier for exports to the US. Amongst others, the agro-food and automotive sector are still subject to high tariff rates.

- **Development of uniform transatlantic standards**

The development of uniform transatlantic standards in certain sectors will help to reduce costs by avoiding double certifications, without compromising high safety standards on either side of the Atlantic. Companies in the automotive as well as the electro technical and mechanical engineering sectors are particularly affected by the current situation.

- **Flexible visa solutions**

Often SMEs do not have a branch in the US. Therefore, they face difficulties when undertaking installation works or setting up machineries with their own staff due to strict visa regulations and other labor restrictions.

- **Enforceable investment protection**

Investment protection is not only an issue for big companies but also for SMEs who need to benefit from legal certainty and a positive investment climate.

Although these issues are not only relevant for SMEs, they are often more affected by them than bigger companies or corporate businesses.

To reduce negative effects on SMEs, the TTIP should provide for impact assessment procedures of SME-relevant rules and regulations. Thus, the impact of regulations on SMEs should be taken into account before, during and after the legislation process.

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