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MULTIPLE [TRADE BARRIERS](#) LIMIT U.S. SMES' EU EXPORT SUCCESS, USITC FINDS

*EU Standards and Regulations and Industry-Specific Barriers Frequently Cited*

Standards and a variety of other trade barriers in the European Union disproportionately affect the [exports of U.S. small and medium-sized enterprises](#) more than those of large firms, reports the U.S. International Trade Commission (USITC) in its new publication [Trade Barriers that U.S. Small and Medium-Sized Enterprises Perceive as Affecting Exports to the European Union](#).

The USITC, an independent, nonpartisan, factfinding federal agency, completed the report for the U.S. Trade Representative.

As requested, the report catalogs trade-related barriers that U.S. small and medium-sized enterprises (SMEs) and related industry associations reported as [limiting their exports to the European Union \(EU\)](#). Highlights of the report follow.

- SMEs explained that many EU trade barriers, particularly those related to standards and regulations, affect their exports. They stated that complying with EU regulations and procedures are costly for all firms, but potentially prohibit SMEs from exporting to the EU because such costs are often the same regardless of a firm's size or export revenue. Other difficulties that were cited include protection of trade secrets, high patenting costs, and logistics challenges, especially customs requirements, inconsistent Harmonized System classifications, and the EU's value-added tax system.
- SMEs and related industry associations described many industry-specific barriers. For example:
  - SMEs in the chemical industry frequently cited the high cost of complying with the EU chemical regulation (Registration, Evaluation, Authorisation and Restriction of Chemicals or REACH).
  - SMEs exporting cosmetics expressed difficulties meeting the EU's cosmetics directive.
  - SME clothing exporters said that they were disproportionately affected by the recent EU retaliatory additional duties on U.S. exports of women's denim jeans.
  - SMEs producing machinery, electronic, transportation, and other goods cited a lack of harmonized international standards and mutual recognition for conformity

assessment, as well as problems complying with technical regulations and conformity assessment procedures.

- A number of barriers reportedly constrain U.S. exports of agricultural products. SMEs and industry groups in the corn, dried fruit, animal feed, cheese, and wheat industries cited high tariffs, stringent and inconsistent EU rules and testing mandates, lack of a science-based regulatory focus (especially for genetically modified traits), lack of harmonization between U.S. and EU standards, and the EU's protected designations of origin (PDOs). The U.S. poultry and lamb industries reported that they are effectively banned from exporting to the EU.
- U.S. services SMEs in the healthcare, engineering, testing, and audiovisual industries highlighted a lack of mutual recognition of licensing, credentials, and standards, as well as issues with broadcasting and film quotas, language dubbing requirements, government subsidies, and safeguarding intellectual property.
- In certain industries, SMEs or industry associations also provided suggestions for increasing U.S. SME transatlantic trade with the EU and, at times, stories of successfully exporting to the EU.

*Trade Barriers that U.S. Small and Medium-Sized Enterprises Perceive as Affecting Exports to the European Union* (Investigation No. 332-541, USITC Publication 4455, February 2014), is available on the USITC's Internet site at <http://www.usitc.gov/publications/332/pub4455.pdf>. A CD-ROM of the report may be requested by emailing [pubrequest@usitc.gov](mailto:pubrequest@usitc.gov), calling 202-205-2000, or contacting the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436. Requests may also be faxed to 202-205-2104.

USITC general factfinding investigations, such as this one, cover matters related to tariffs and trade and are generally conducted at the request of the U.S. Trade Representative, the House Committee on Ways and Means, or the Senate Committee on Finance. The resulting reports convey the Commission's objective findings and independent analysis on the subject investigated. The Commission makes no recommendations on policy or other matters in its general factfinding reports. Upon completion of each investigation, the USITC submits its findings and analyses to the requestor. General factfinding investigations reports are subsequently released to the public, unless they are classified by the requestor for national security reasons.

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