

USTR NEWS

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U.S. International Trade Commission Releases Report on How T-TIP Will Benefit Small Businesses

Washington, D.C. – A central goal of the Transatlantic Trade and Investment Partnership (T-TIP) negotiations is enhancing the ability of small- and medium-sized enterprises (SMEs) to participate in transatlantic trade by addressing trade barriers that may have a disproportionate impact on them.

The Office of the U.S. Trade Representative (USTR) believes that U.S. trade and investment policies are made stronger when they are shaped by the broadest possible input, including from SMEs, the engines of growth of the U.S. economy.

Pursuant to a request by USTR, the United States International Trade Commission (USITC) today issued a new report entitled “*Trade Barriers That U.S. Small and Medium-Sized Enterprises Perceive As Affecting Exports to the European Union.*” USTR requested that USITC undertake this study as part of USTR’s effort to gather input from the public on the ongoing T-TIP negotiations.

Over the past six months, the USITC, USTR, the U.S. Small Business Administration (SBA), and the U.S. Department of Commerce worked together to convene 28 small business roundtables in cities around the United States, in addition to a hearing held in Washington, D.C., to hear directly from small businesses about barriers to exporting to the European Union (EU). The USITC report identifies cross-cutting and industry-specific barriers that U.S. small businesses have identified as disproportionately burdensome to them, compared to large companies, and also includes suggestions for increasing participation by U.S. SMEs in trade with the EU.

Ambassador Michael Froman welcomed the report, stating that “**Small businesses are the backbone of economic growth, job creation, and a stronger middle class in communities across America. Nearly 95,000 U.S. small businesses export to the EU, sustaining good jobs at home. Tackling trade barriers in the EU that may disproportionately affect small businesses, and expanding market access for U.S. firms of all sizes through T-TIP, will help U.S. companies, farmers, and workers unlock opportunity by finding new European customers and boost job growth.**”

The EU is an important export destination for U.S. SMEs. SME merchandise exports to the EU totaled \$67 billion in 2010 and \$76 billion in 2011 (latest available data). However, many SMEs reported that EU technical regulations and other trade barriers limit their ability to export, and they expressed concern that standards-related measures may pose a greater burden on SMEs seeking to export to the EU than on larger companies. While complying with standards, technical regulations, and conformity assessment procedures can be costly for larger firms, it is

potentially prohibitive for SMEs because many costs are fixed, regardless of a firm's size or revenue. Small businesses also cited difficulties involving patenting costs, logistics challenges, difficulties navigating customs requirements, and differing tariff classifications for products. SMEs also perceived that tariffs affected them disproportionately, in contrast to large firms.

Small businesses also reported industry-specific barriers in chemicals, cosmetics, biofuels, emerging technology products, machinery, electronics, and apparel. For example, 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. Agriculture SMEs reported a range of export barriers, including high tariffs, inconsistent EU rules and testing mandates, non-science-based regulations, and a lack of harmonization between U.S. and EU standards. U.S. services SMEs in the healthcare, engineering, testing, and audiovisual industries highlighted the lack of mutual recognition of licensing, credentials, and standards, as well as other issues. In the T-TIP negotiations, the United States and the EU aim to make their approaches to regulations and standards more open, transparent, and compatible while maintaining high levels of consumer, environmental, and labor protection.

The USITC report also describes SMEs that have had success exporting to the EU. Those small businesses cited the benefits of U.S. government resources available to SMEs, including SBA and U.S. Export-Import Bank financing programs, and the interagency web portal, www.export.gov.

The complete text of the USITC report may be found [here](#).

The U.S. and EU have also issued a joint document on T-TIP opportunities for small and medium-sized enterprises, which may be found [here](#).

A T-TIP factsheet describing the Administration's specific goals and objectives, and outlining how this agreement will benefit American businesses of all sizes, workers, farmers and consumers may be found [here](#).