

European
Commission

Report: Small and Medium Sized Enterprises and the Transatlantic Trade and Investment Partnership

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Introduction

The role of small and medium-sized enterprises (SMEs) in the European Union's international trade is often underestimated. But small firms can and do trade across borders, not only with customers close to their home countries but also partners in markets further afield, such as the United States. The EU is currently negotiating a comprehensive trade agreement with the United States, known as the Transatlantic Trade and Investment Partnership (TTIP). A key measure of its success will be how much it makes trade easier for SMEs.

This report aims to ensure that negotiators and all those with an interest in the negotiation – EU governments and parliamentarians, representatives of trade unions, consumers, environmental groups and business – have a common understanding of the potential for expanding European SMEs' trade with the United States and of the types of measures that would facilitate it. The report is the joint work of the European Commission's Directorates-General for Trade and for Growth.

The first section provides a sense of the current landscape of EU SMEs' participation in transatlantic trade today. It uses newly available statistical data to show the economic significance of EU SMEs' exports to the US market, finding that 28% of the EU's direct exports to the US are by SMEs. EU SMEs' exports also represent a significant share of total US imports. As an example, EU SMEs in the beverage sector account for around a quarter of US total beverage imports from the world.

Against this background, the second section gives an indication of the challenges faced by SMEs exporting to the US, with a view to making trade easier in the future. It presents the results of an online survey of 869 European companies carried out with the support of the Enterprise Europe Network during 2014. The mere fact that so many SMEs took the time to respond is an indication of the strong interest in trade with the United States. The respondents include both SMEs and some larger enterprises selling both goods and services across almost all sectors. Respondents are located in almost all EU Member States and include both exporters to the US and those interested in exporting.

This survey provides a broad view of the issues that are most important for SMEs, such as compliance with regulation and standards, customs procedures, and restrictions on the movement of people and of distribution channels. It also suggests that many of these issues represent larger barriers for SMEs than for larger firms, given that small companies have to spread fixed costs of compliance over smaller revenues than those of larger firms. In many areas, respondents highlighted very specific challenges they face in the US market. These responses are backed up by existing information on the difficulties faced by EU exporters in the US, as also reported in publications by EU Member States and business associations.

The outcomes of this survey will feed into the EU's approach to the TTIP negotiations and to its broader market access strategy, both of which aim to facilitate trade by removing barriers and making the EU and US systems more compatible, without lowering existing standards of regulatory protection.

1. EU SMEs and transatlantic trade in goods

This section analyses the importance of the US market for EU SMEs based on Eurostat's Trade by Enterprise Characteristics (TEC) database. The TEC database provides information on European goods exports¹ outside the EU, broken down by the size of the exporting firm.

To date, the database has only provided figures for EU trade with third countries as a whole. However, following the launch of the TTIP negotiations, Eurostat has collected TEC data for EU trade with the US specifically.² The information provides an overall sense of the scale of SMEs participation in EU-US trade and this report is the first to make use of this new data.

1.1. SMEs' role in EU exports to the world and the US

SMEs represent a significant segment of the exporting community and of the value of total EU exports

The baseline for analysis is the extent to which SMEs currently export to the rest of the world. Table 1 presents the number of firms according to their size and the value of their exports, both to third countries outside the EU and more specifically to the US in 2012. It demonstrates that SMEs are major exporters, accounting for a third of the total value of EU exports to the world. The number of SMEs engaged in exports to the rest of the world is even more striking: it represents around 633,000 firms across the EU, making up almost 80% of all EU exporters.

In addition, it can be expected that a large share of the firms that have not disclosed their size in the TEC database (marking it as "unknown") are SMEs. The reason is that SMEs, particularly micro firms, have less demanding statistical reporting requirements.

Furthermore, the SME share in EU exports and in number of EU exporting companies would stand even higher if indirect exports through value chains were included. SMEs in many sectors supply parts to larger companies that incorporate them in their products, which are then often exported. As an example, a US study found that while SMEs direct exports accounted for 28% of total US exports, the figure rose to 41% when indirect exports were included.³

¹ Goods only.

² The additional information in the US-TEC database is provided to Eurostat on a voluntary basis by all Member States except Croatia, Luxembourg and Slovenia.

³ US International Trade Commission (USITC) (2010) Small and Medium-Sized Enterprises: Characteristics and Performance, USITC Publication 4189, Washington D.C., p. xiv.

SMEs also make up a significant proportion of EU exports to the US

SMEs account for 28% of the total value of EU exports to the US. This is slightly lower than the 32% share SMEs account for in total EU exports. In terms of numbers, 150,000 of the 169,000 EU firms that exported to the US in 2012 were SMEs, representing 88% of the total. This is significantly above the average of 78% for EU exports to all destinations. These statistics confirm that the US market is one of the most important export destinations for EU SMEs.

These figures are significant even beyond the context of bilateral EU-US trade. SME exports to the US (77 billion euros) make up 14% of the value of all EU SME exports and 5% total EU exports. A similar comparison regarding the number of firms reveals that SME firms exporting to the US make up 24% of the number of all SME (619,000) and 19% of the total number of EU firms (790,000) exporting to the world.

Table 1.1 Breakdown of the total number and value of EU companies exporting goods outside of the EU and to the US by size category, in 2012.

	1-9 workers (micro)	10-50 workers (small)	51-250 workers (medium)	1-250 workers (SME)	250+ workers (large)	Unknown size	Total EU firms	Share of SMEs (1-249) to total firms
Number ('000)								
Exporters outside EU*	353	191	75	619	24	147	790	78%
Exporters to the US*	65	53	31	150	14	6	169	88%
Value (billion €)								
Exporters outside EU*	114	150	274	538	945	207	1,690	32%
Exporters to the US*	16	17	44	77	187	13	277	28%

Source: Eurostat TEC database and US TEC

Notes: *Excluding exporters in Croatia, Luxembourg and Slovenia, for which US-specific data are not available.

The importance of SMEs in the exports of goods to the US varies between Member States

The participation of SMEs in exports to the US varies across EU Member States. Table 1.2 presents the number of SMEs exporting to the US and their export value. It also highlights the relative contribution of SMEs to Member States total exports to the US in 2012 in terms of number of firms and value. No data is available for Slovenia, Luxembourg and Croatia.

Close to 150,000 SMEs exported to the US (88% of all EU exporting firms to the US) and generated around 77 billion euros (28% of all EU export value to the US).⁴

For all 25 Member States considered, the majority of firms exporting to the US were SMEs. While the majority of these SMEs belong to the bigger Member States, in relative terms the behaviour of smaller firms is very important also for smaller Member States. In fact, in eight Member States, SMEs accounted for 90% or more of the total number of exporting enterprises. By value, in nine Member States, SMEs accounted for more than a third of total export value to the US. In Estonia, the Netherlands, and Latvia, SMEs accounted for more than 50% of total export value.

Germany, the fifth exporter of merchandise to the US after Mexico, Canada, China and Japan⁵ in global terms, ranks only third (in absolute terms) against other EU Member States exporting to the US - in terms of both number of SMEs and value (Table 1.2). Despite the many German SMEs exporting to the US and their significant export value, a comparison against total German exports to the US reveals that German SMEs fall below the EU average with respect to the share of SME exporting firms to the US (77%) and share of SME export value (15%). This indicates that German firms with more than 250 employees contribute to the total export value more than in other EU Member States. The size distribution of German firms is indeed less skewed towards smaller firms than for other Member States.

⁴ Cernat, Lucian, Ana Norman-López and Ana Duch T-Figueras, "SMEs are more important than you think! Challenges and Opportunities for EU Exporting SMEs," DG Trade, European Commission, 2014.

⁵ http://www.census.gov/foreign-trade/Press-Release/2013pr/aip/related_party/rp13-exh1.pdf

Table 1.2. Share of SMEs (0-249 employees) to total goods exporting enterprises (number and value), in 2012.

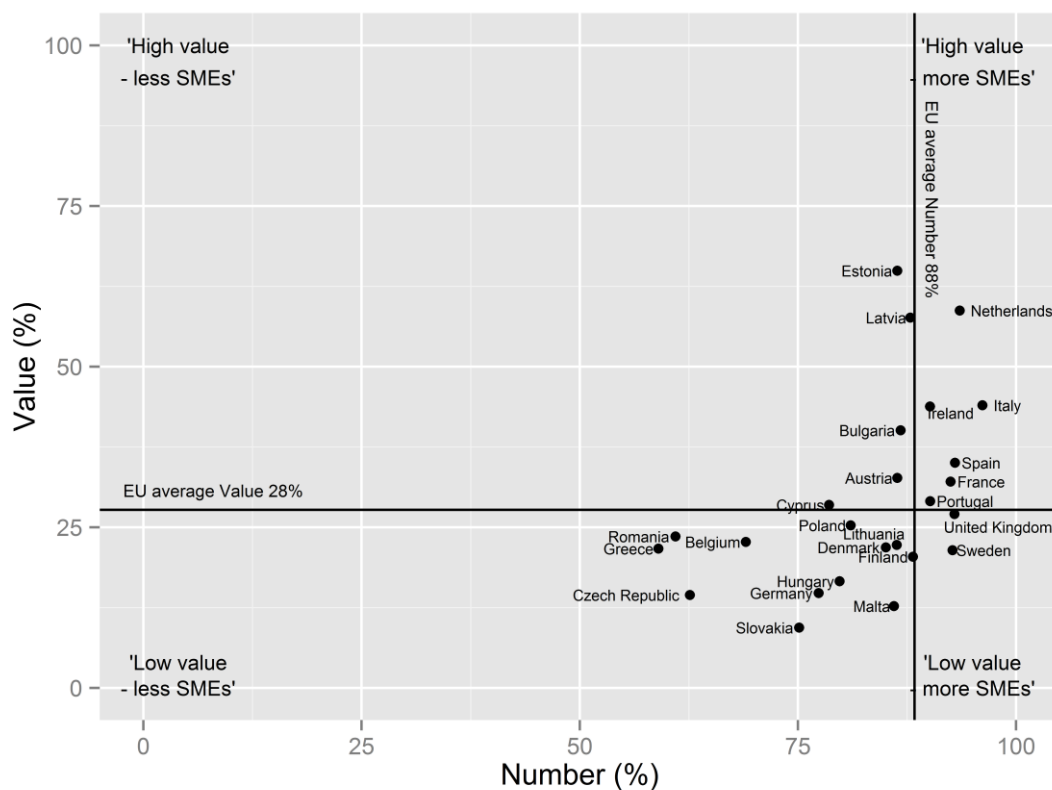
Member State	SMEs exporting to the US		SMEs exporting to the US as a proportion of all enterprises exporting to the US	
	Number of exporting enterprises ('000)	Export Value (€ billion)	Number of exporting enterprises (%)	Export value (%)
Italy	30.0	11.2	96%	44%
United Kingdom	26.8	11.7	93%	27%
Germany	20.7	12.4	77%	15%
France	19.3	8.3	92%	32%
Spain	15.5	3.0	93%	35%
Netherlands	6.1	9.4	94%	59%
Sweden	5.9	1.8	93%	21%
Poland	3.6	0.6	81%	25%
Belgium	3.2	4.5	69%	23%
Denmark	2.8	1.2	85%	22%
Austria	2.6	2.1	86%	33%
Finland	2.3	0.7	88%	20%
Portugal	2.2	0.5	90%	29%
Czech Republic	1.9	0.4	63%	14%
Ireland	1.8	7.3	90%	44%
Hungary	1.1	0.3	80%	17%
Greece	0.9	0.2	59%	22%
Bulgaria	0.7	0.1	87%	40%
Romania	0.6	0.2	61%	24%
Slovakia	0.4	0.1	75%	9%
Lithuania	0.3	0.1	86%	22%
Latvia	0.3	0.1	88%	58%
Estonia	0.2	0.4	86%	65%
Malta	0.1	0.0	86%	13%
Cyprus	0.1	0.0	79%	28%
Total EU*	150	77	88%	28%

Source: US-TEC database breakdown by MS.

Notes:* Croatia, Luxembourg and Slovenia are not included in the total.

The different weight of SMEs in terms of number of exporting firms and value of exports across the Member States is highlighted in Figure 1.1. In this graph, the share of SMEs to total exporting firms in each Member State is plotted against the share of SMEs' exports to total value of exports (columns 3 and 4 of Table 1.2). The EU average by number and value is indicated by the horizontal and vertical lines (88% and 28%, respectively). The averages break the chart into four quadrants.

Figure 1.1 Share of exporting SMEs to all exporting firms to the US by value and number.



Source: US-TEC database breakdown by MS.

Most Member States are positioned in the top right and the bottom left quadrants. These two quadrants are the most evident since they suggest that there is a positive relationship between the number of SMEs exporting to the US and the value generated. In other words, more SME exporting firms will create more export value and vice versa.

On the other hand, Austria, Bulgaria, Cyprus, Estonia and Latvia are located in the top left quadrant. This suggests that, in comparison to the total number of firms in these Member States exporting to the US, a smaller number of SMEs have been capable of exporting a higher value of goods than the EU average. There can be many reasons for this result. One reason could be the specialisation of SMEs on sectors that drive them to obtain a higher export value. Another reason could be the size of SMEs. Medium-sized companies are generally observed to drive the majority of SMEs export value.

Finally, the UK and Sweden are located in the bottom right quadrant, which means that the export value generated by SMEs in these countries is smaller relative to the number of exporting SMEs to

the US. The reason for this result may be due to the specialisation of large firms towards higher value sectors.

1.2. The contribution of SMEs to EU exports by sector

The contribution of SMEs to exports differs by sector. Table 1.3 presents, by sector, the number of SMEs exporting to the US and the value of their exports. It also presents, for each sector, the contribution of SMEs to total EU exports to the US in value and EU SMEs' contribution to total US imports in 2012 (i.e. their market share in the US). Sectors in red are those where EU SMEs exports contribute to over 5% of total US imports.

Table 1.3 EU SMEs exports by firm size and sector, 2012

Sector	EU SME export firms US*	EU SME exports US*	EU SME exports US to total EU exports US*	EU SME exports US to total US imports**
	Number	€ million	%	%
A	B	C	D	E
Agriculture, Forestry and Fishing	3,384	363	87.9%	2.6%
Mining and quarrying	245	343	15.6%	0.1%
Manufacture of food products	3,791	2,392	51.8%	7.0%
Manufacture of beverages	2,765	2,068	39.3%	24.4%
Manufacture of tobacco products	25	12	24.1%	1.2%
Manufacture of textiles	2,724	848	61.2%	5.2%
Manufacture of wearing apparel	3,012	664	49.9%	1.5%
Manufacture of leather and related	2,255	805	50.6%	4.8%
Manufacture of wood	1,299	438	67.6%	4.3%
Manufacture of paper and paper	820	426	22.8%	3.6%
Printing and reproduction of media	1,362	112	61.9%	10.4%
Manufacture of coke and refined	51	136	1.2%	0.1%
Manufacture of chemical products	3,359	5,505	31.6%	11.2%
Manufacture of pharmaceutical	498	4,771	17.6%	10.5%
Manufacture of rubber and plastic	4,412	1,756	36.0%	4.5%
Manufacture of other non-metallic	2,919	1,055	40.0%	8.7%
Manufacture of basic metals	1,160	1,855	16.5%	2.5%
Manufacture of fabricated metal	8,018	3,261	51.3%	9.0%
Manufacture of computer, electronic	5,914	3,930	25.1%	1.9%
Manufacture of electrical equipment	3,477	1,712	21.8%	2.8%
Manufacture of machinery n.e.c.	11,604	8,511	28.7%	8.4%
Manufacture of motor vehicles, trailers	1,315	811	2.1%	0.4%
Manufacture of other transport	933	690	3.6%	1.7%
Manufacture of furniture	1,963	433	40.7%	2.8%
Other manufacturing	6,892	4,278	44.3%	8.1%
Service firms exporting goods	75,441	29,533	53.3%	27.2%
Total	149,667	76,715	27.7%	4.4%

Source: * Eurostat US TEC. * *Commission staff estimation from the combination of Comtrade and US TEC data.

The vast majority of SMEs exporting goods to the US are either services firms exporting goods (i.e. they belong to the wholesale, retail, transportation and storage sectors) or manufacturing companies. When the manufacturing industry is split into 32 sectors, most SMEs (11,604) are in manufacturing of machinery, which also represents the largest export value to the US (8,511 million euros).

SMEs share of exports varies by sector (Column D). The benchmark is the average contribution of SMEs to total EU export value to the US (28%). For most sectors, SMEs contribute to more than a third of total export value, with SMEs in the agriculture, forestry and fishing sectors contributing to nearly 88% of total export value to the US. At the other end of the spectrum, manufacturing of coke and refined products and motor vehicles and other forms of transport are sectors mostly represented by large firms (SME contribution below 5%).

The EU is one of the largest trading partners of the United States. Since SMEs contribute a significant share of total EU export value, it can be expected that they will also contribute to a significant share of US imports. This is confirmed by the data. For instance, the last column of Table 1.3 shows that SME export value in the beverage sector represents nearly a quarter (24%) of total US imports. This is a highly significant share. Other manufacturing sectors where EU SMEs represent a large US market share are chemicals, pharmaceuticals and printing and reproduction of media with over 10% of total US imports. The sectors where EU SMEs contribute to more than 5% of total US imports (11 in total) are highlighted in bold in Table 1.3.

2. Survey of EU SMEs on non-tariff barriers in the US

2.1 Description of the survey

The survey aimed to identify export barriers faced by EU SMEs in the US market. Firms were asked for basic information on their size, location, sector and involvement in trade. They were then asked whether they felt they faced barriers in the US market and to identify the nature of those barriers based on a standard list of non-tariff measures (NTMs)⁶ (see Table A8 at annex). The survey was published on the European Commission's interactive policymaking website and distributed across Europe through the Enterprise Europe Network.⁷ It ran from July 2014 until January 2015 and a total of 869 firms replied⁸ from all EU Member States except Malta, Cyprus and Slovakia⁹. Tables A1 and A2 at annex report the general features of the dataset. A summary is provided in Table 2.1.

Although no sampling technique was employed we can have a degree of confidence in terms of the representativeness of the data collected. The largest Member States make up the largest number of the replies which is what would be expected. Moreover, the Member States with the highest number of SMEs in their overall production and exports, such as Italy, Spain, France and Germany, are also sufficiently well represented (see Table 2.2 and Table A1 in the annex). The distribution by firm size (see Table 2.1) also seems reasonably tilted towards greater numerical weight of micro and small firms. The findings can be interpreted as a reliable indicator of the concerns of a self-selected group of EU businesses.

Table 2.1. Distribution of respondents by exporter status and size (and as % of class size)

	Exporter	Marginal exporter	Non-exporter	Only intra-EU	Total
Micro	159 (57%)	66 (24%)	48 (17%)	6 (2%)	279
Small	173 (77%)	27 (12%)	15 (7%)	11 (5%)	226
Medium	200 (90%)	10 (4%)	6 (3%)	6 (3%)	222
Large	132 (92%)	4 (3%)	2 (2%)	4 (3%)	142
Total	664 (76%)	107 (12%)	71 (8%)	27 (4%)	869

Notes: "Micro" are firms with 1 to 9 employees; "Small" are firms with 10 to 50 employees; "Medium" are firms with 51 to 250 employees and "Large" are firms with more than 250 employees.

Source: Commission staff calculations from survey's replies.

⁶ The term non-tariff measure refers to any government measure that affects trade but is not a tariff.

⁷ <http://een.ec.europa.eu/>

⁸ EU firms in all EU member states were invited to participate in the on-line survey. The European Commission contacted SME and firm representatives in every member state and requested them to email a link to the on-line survey to their members.

⁹ This is not surprising since a very small number of firms from these Member States export to the US. From Eurostat US-TEC and TEC III databases (described in the background section), the three MS together represent 0.5% of the total exporting EU firms to the US (859 out of 169,000 total exporting EU firms to the US).

Forty-five firms with between 250 and 500 employees and 97 firms with over 500 employees participated in the survey. They are categorised as large firms in the EU's system. The information provided by these bigger firms offers useful comparative data to isolate the issues that are specific to or more pertinent for SMEs. Moreover, while the survey targeted EU firms exporting to the US (or with an interest in the US market), some EU firms which are not exporting to the US market also replied. A total of 664 respondents (or 76% of the total) are currently exporting to the US and/or elsewhere outside the EU. A total of 27 companies, representing 4% of the respondents, did export but only to the EU market, while 71 firms (around 8% of the sample) reported that they did not export at all. The data from these non-exporting firms provides a benchmark to better understand exporting behaviour.

In addition, 107 of the firms (12%) might be called marginal exporters. These are firms that previously exported to the US and/or have plans to export in the future. They are an interesting group to analyse as they may be in the frontline of firms who could potentially benefit from any reduction in the barriers to exporting to the US as a result of TTIP.

The level of exporting activity increases with firm size, as one would expect: 92% of large firms declare that they export outside the EU compared to only 57% of micro firms. Interestingly, there seems to be a fringe of micro and small firms that fall into the marginal exporter category, which suggests that there might be a role for policy in assisting those entering markets outside the EU, including the US. It is also interesting to point out that the marginal exporter group seems to be well represented in relative terms in a few Member States, namely: Italy, Poland, the United Kingdom, and Romania (Table 2.2).

Table 2.2. Distribution of respondents by exporter status and country

	Exporter	Marginal exporter	Non-exporter	Only intra-EU	Total
Austria	5	0	2	0	7
Belgium	42	2	2	0	46
Bulgaria	6	2	0	1	9
Croatia	14	0	0	1	15
Czech Republic	2	0	0	0	2
Denmark	3	0	0	0	3
Estonia	3	0	0	0	3
Finland	19	2	2	1	24
France	93	9	12	2	116
Germany	171	9	12	4	196
Greece	21	6	4	2	33
Hungary	1	0	1	0	2
Ireland	5	2	1	0	8
Italy	51	10	10	1	72
Latvia	1	0	0	0	1
Lithuania	17	1	1	0	19
Luxembourg	1	0	1	0	2
Netherlands	5	0	4	0	9
Other country	20	2	0	3	25
Poland	20	24	5	3	52
Portugal	23	1	2	3	29
Romania	22	13	4	4	43
Slovenia	3	0	0	0	3
Spain	66	7	0	2	75
Sweden	4	2	0	0	6
United Kingdom	46	15	8	0	69
Total	664	107	71	27	869

Source: Commission staff calculations from survey's replies.

Given that the survey sought information about the trade barriers currently faced by EU exports in the US market, it is not surprising that many respondents exported to the US (53% of the firms, and 74% of the exporters; see Table 2.3). Many of those pointed to the US as a *priority* market for their business: 26% of all exporting firms. Moreover the importance of the US market cuts across all firm size categories: even 72% of the exporting micro firms were targeting the US market. Although relative to all the respondents to the survey, bigger firms are more likely to export to the US, 20% of SMEs had more than 15% of their sales outside the EU in the US. 303 of the respondents said they did not export to the US.

Table 2.3. Exporters to the US by size class (survey respondents)

	Number of Exporters to the US	As a percentage of all <u>exporters</u> in each size class (survey respondents)	As a percentage of all survey respondents in each size class (exporters and non-exporters)
Micro	109	72%	39%
Small	108	67%	48%
Medium	140	74%	63%
Large	107	88%	75%
Total	464	74%	53%

Notes: Micro are firms with 1 to 9 employees; Small are firms with 10 to 50 employees; Medium are firms with 51 to 250 employees and Large are firms with more than 250 employees.

Source: Commission staff calculations from survey's replies.

2.2. SMEs perceptions of US trade barriers

A total of 371 firms, of which 82% were SMEs, replied to the section of the survey on barriers in the US market. They were asked yes/no questions about whether they faced particular types or categories of barriers to their trade with the United States. They raised concerns about a total of 1200 perceived barriers (see tables A7 in the annex for goods and 2.5 below for services). The distribution of replies by country, exporting status, and type of barrier reported can be found in the annex to this report. It is important to note that some firms replied to more than one of the three sections covering NTMs on food products, other goods and services.

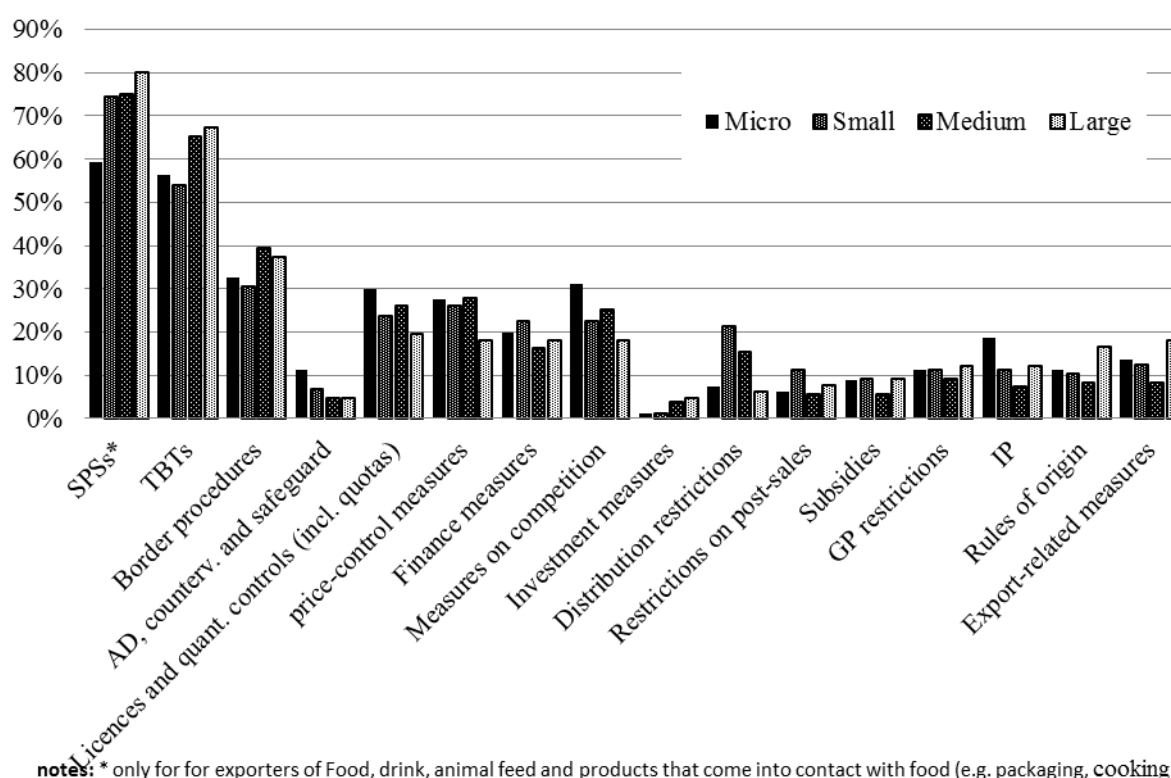
The following analysis is based, first of all, on the yes/no replies to the questionnaire. However, the survey also allowed participants to explain in detail, with open fields, the particular issues that they had experienced. So, where relevant, the quantitative information is accompanied by more detailed comments submitted by the respondents. For further background, the report also makes reference to relevant published documents, including similar reports, analyses and public statements by business organisations.

It is also important to note that the submissions of SMEs that follow do not necessarily represent the position of the European Commission, either in the TTIP negotiations specifically, or as regards the measures highlighted in general.

2.2.1 Goods

Aggregating the firm's replies according to the main categories of different types of NTMs (figure 2.1 and the corresponding table A.4 in the Annex) and looking at the shares of firms that highlighted at least one issue per category points to one main message: **compliance with US food quality and safety rules and technical rules and regulations for all goods, which are different from those of the EU, are seen as barriers for all firms that export or want to export to the US market.**

Figure 2.1. Reported trade barriers – Goods, by firms' size



Source: Commission staff calculations from survey's replies.

2.2.1. 1 Sectoral issues

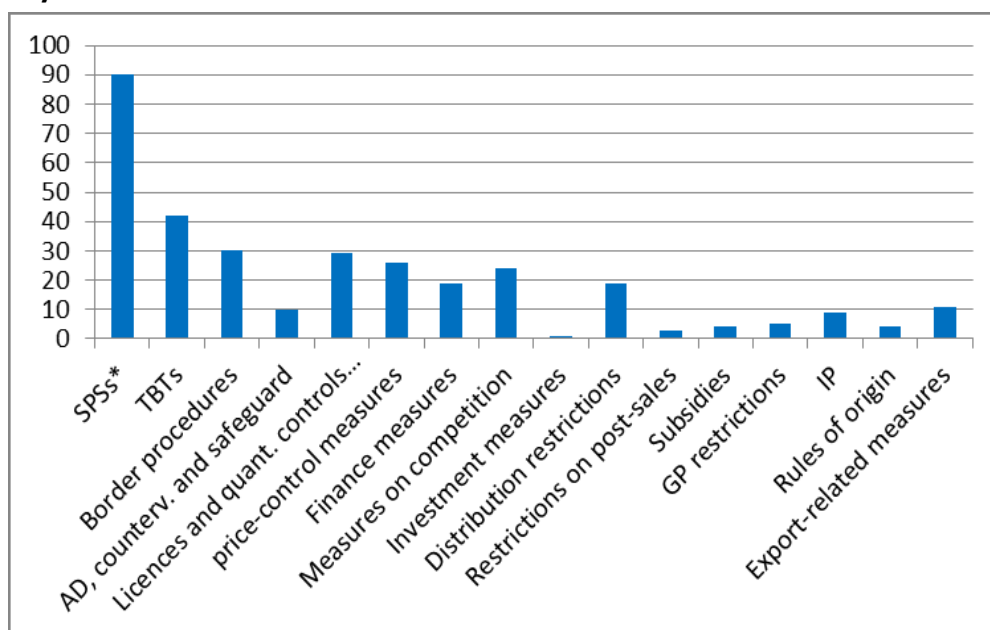
SMEs from the primary and manufacturing sectors as well as services firms exporting goods highlighted a number of non-tariff barriers to goods exports to the US. The majority of the concerns came from the food and beverages industries and agricultural products, with a total of 91 respondents, identifying 326 barriers. In chemicals, pharmaceuticals and rubber and plastics, a total of 28 replies were collected and 122 specific issues identified. In the manufacturing of machinery and equipment there were a total of 25 responses covering 73 barriers. In computers, electronic and optical products and electric equipment there were 27 responses highlighting 105 barriers and in sectors like textiles, wearing apparel and leather, 17 firms highlighted 48 barriers. (see Table A.7 in the annex). These sectors also represent the majority of the value of SMEs exports to the US (see section 1.2).

For the comments added in the open fields, the majority come from the sectors with the highest participation, namely, manufacturing of food and beverages; chemicals and pharmaceuticals; machinery, equipment and electronics; and textiles, apparel and leather. The comments will be presented separately for these sectors. Other sectors' comments contribute to the section on cross-cutting issues.

Manufacturing of food and beverages and agricultural products

The survey contains relatively a higher number of replies from firms in the food and beverages and agricultural products. These sectors represent a significant share of SME firms exporting to the US. EU SMEs accounted for almost a quarter of total US imports of beverages in 2012. Despite the high market share, their significant participation in the survey suggests a high incidence of barriers as well as a willingness of companies to raise their concerns.

Figure 2.2 Reported barriers: Food and Beverages and agricultural products, SMEs only.



Source: Commission staff calculations from survey's replies.

Unsurprisingly, manufacturers of food products and beverages accounted for most SMEs firms who complained about the restrictiveness of barriers associated with food quality and safety rules (sanitary and phyto-sanitary measures or SPS) in the US market.

Seventeen respondents raised import licences. For example, an Italian SME highlighted the cost of the US import licence regime for cheese tariff rate quotas (*"Gorgonzola DOP cheese is limited in quantity... importers have to pay a quite considerable cost for the licence"*). 40 respondents raised authorisations, certification or inspections. A UK producer avoided the US market because of the cost of certification (*"This is an ongoing cost that drives up the price of the product."*) A French winemaker highlighted organic certification requirements.

A third of beverage industry respondents raised restrictions on their local distribution channels. For example, a small French wine producer commented that *"The distribution process in the US is a serious disadvantage for our French wine. We must obtain a FDA number then go through intermediaries before delivering to the final customer. Therefore our wine is sold very expensive in the US because of the multitude of means that one must pay through the distribution chain."*

The so-called three tier system for wine also affects EU producers one of which specifically highlights that *“before being made available to consumers, all wines need to go through an importer, a wholesaler and retailers. Derogations are only available for US wines and this penalises imported products”*

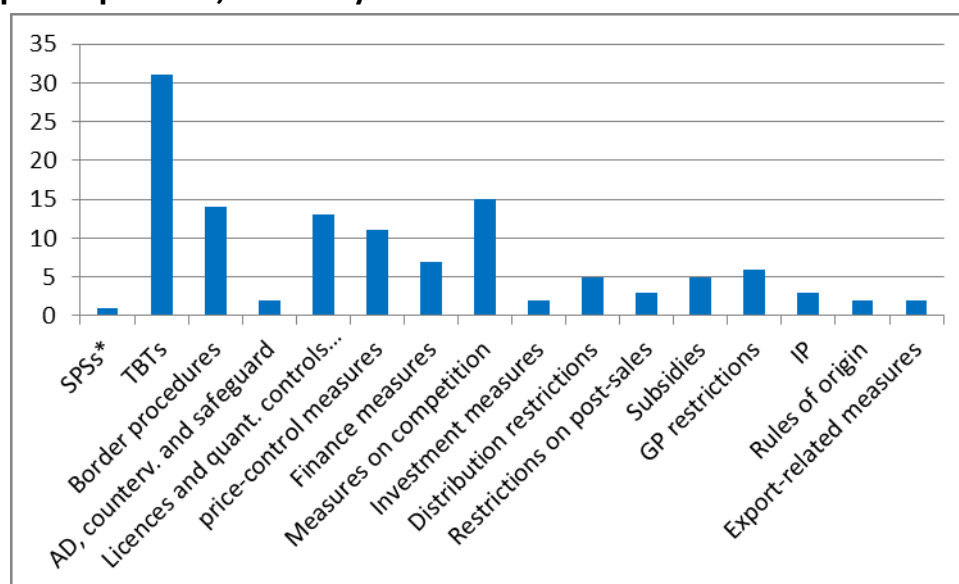
Beverage exporters also raised other specific issues. An Italian wine producer suggested that duties together with wine import licences make the process of shipping samples very difficult and *“limit our possibilities to find new importers”*. Two firms raised US federal regulation on bottled water, which requires, according to one *“very expensive documentation despite having the same in [the EU].”*

Finally, just under half the respondents in the food and drink sector highlighted labelling requirements as an issue when selling in the US. An exporter of pepper noted, *“The labelling rules are very rigorous... The FDA must validate our labels before we export, but we find that the procedure lacks transparency”*

Manufacturing of chemical products, pharmaceuticals and rubber and plastic products

EU SME exports of pharmaceutical and chemical products contribute to more than 10% of total US imports in those sectors. In the pharmaceutical and chemical industry, standards and certification issues (technical barriers to trade or TBT; see figure 2.3) have been highlighted by 31 respondents.

Figure 2.3 NTM incidence: Pharmaceutical, chemical and rubber and plastic products, SMEs only.



Source: Commission staff calculations from survey's replies.

Several pharmaceutical SMEs who replied to the NTM section of the survey highlighted a group of issues that include conformity assessment, certification and inspections.¹⁰ This may be explained by the requirements for inspections by the EU Member States and by the US Food and Drug Administration to determine pharmaceutical firms' compliance with what are known as good manufacturing practices (GMP). This is not an issue only for SMEs since a large German firm also highlighted the need for regular inspections and noted that EU firms are already also subject to European controls. They suggested, " [...] *mutual recognition of GMP standards and monitoring between the EU countries and the EU and the USA would facilitate the movement of drugs and their active ingredients significantly.*" An Austrian firm highlighted the high costs associated with authorization procedures which also cover the costs of the initial GMP inspection, "195 000 USD, starting from the first submission of a registration file. Therefore a minimum of 3 yearly fees have to be paid before marketing of a product can be started. There is no SME reduction."

Ten companies identified themselves as producing medical devices. They are mentioned here since there are some similarities in the regulatory regime for medical devices and pharmaceuticals. Eight of the respondents mentioned different approaches to authorization procedures in the US as compared with the EU, with one suggesting, "I would be interested to have Class III Medical Devices [that are] CE marked ... recognized by the FDA."

The most frequently indicated category of issues for the chemicals sector SMEs who responded was also conformity assessment, certifications and inspection.¹¹ Those SMEs also raised the issue of labelling requirements. This may be linked to the fact that the US has not fully implemented the relevant UN Globally Harmonized System (GHS) standard for classification and labelling of substances.

One producer of commodity chemicals (PET plastic) who didn't export to the US raised tariffs, combined with competition from emerging country exporters, as a reason for not exporting. Another noted that in 2013 "[d]uties for some products increased from 3% to 6.5%". These suggest that in sectors with low profit margins, even the low tariffs that apply to the chemicals sector may have an impact on SME's ability to export.

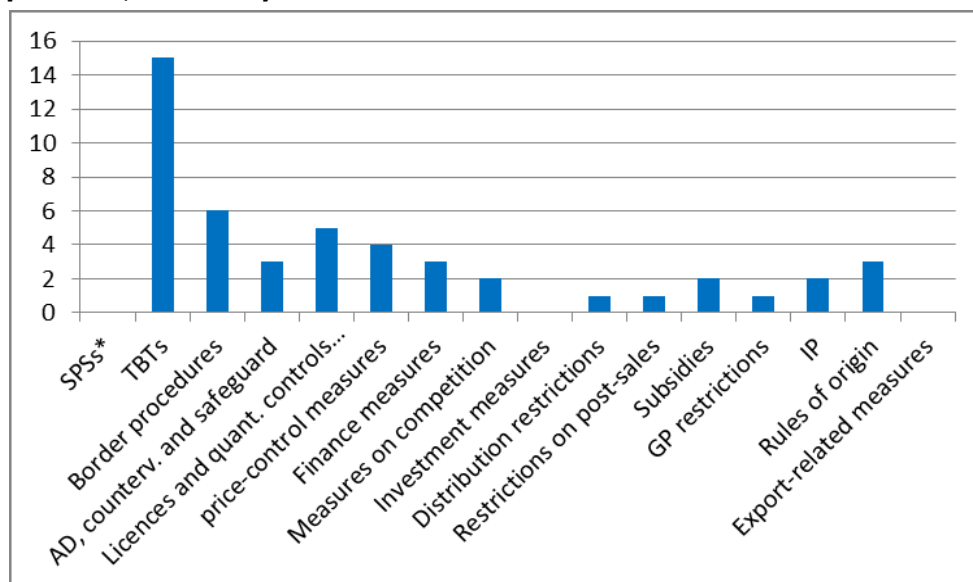
¹⁰ Replies to section B7 in table A.8

¹¹ Positive replies to section B7 in table A.8

Manufacture of textiles, wearing apparel and leather

SME producers of textiles, wearing apparel and leather products mainly raised issues related to technical barriers to trade, including labelling, standards and conformity assessment.

Figure. 2.4 NTM incidence: textiles, wearing apparel and leather products, SMEs only.



Source: Commission staff calculations from survey's replies.

Flammability standards appeared several times. A French regional chamber of commerce reported that an SME in its network was concerned about burden of compliance with the testing specifications of the flammability standard for clothing textiles.

Different systems of flammability requirements were also raised in a report by the British American Business association¹² where a British designer complains about the extra costs of having her products double fire-tested, once for the EU and once for the US because of different testing standards and regulations.

Although the survey focused on non-tariff barriers, companies also raised tariffs both in terms of their level and the complexity of their administration. A micro UK producer reports that *"I was approached by a US retailer that was very keen to stock some of my products, although negotiations broke down partly due to the complexity of stamp duty and tax to be paid for imports to the US."*

¹² British American Business "Local, Specific, Tangible" TTIP Case Studies, Report of the 2013-14 BAB TTIP Road Show Series.

Manufacture of machinery, electrical, electronic and other transport equipment

Producers of machinery, electrical, electronic and other transport equipment are mostly concerned with TBTs (see Figure 2.5). Costs and administrative burdens associated with standards and conformity assessment procedures appear to be the most important issues for companies across these sectors. One third of all respondents mentioned these issues, often referring specifically to the private testing laboratories that carry out testing and set the standards for the same tests. The perception is broadly felt, covering exporters of products as diverse as saunas, pumps for use in mining, lightning protection equipment, commercial freezers and power supplies.

A French company that makes machinery for packaging noted, *"Machines sold in the US are expected to be UL¹³ certified,"* and that, *"the usual American way is much less convenient than the European [supplier's-declaration of conformity]"*

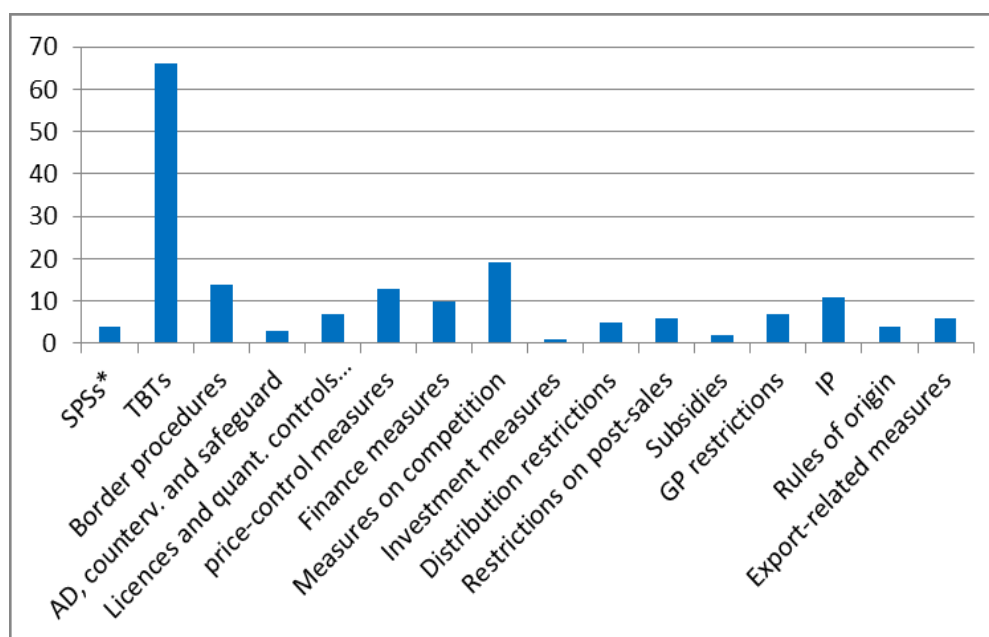
This information from the survey matches industry statements on TBT issues in the US market. For instance, manufacturers of electrical components and machinery have regularly raised the fact that certificates for components are not automatically recognised by conformity assessment bodies operating under the NRTL testing scheme coordinated by the US Occupational Safety and Health Administration (OSHA). This requires companies to undergo a revolving certification process with a heavy cost burden.¹⁴

A separate issue is raised by two producers of marine equipment, one of *"working boats"* and one of equipment for dredging. They refer to how restrictions in the US Jones Act effectively ban their exports. The former noted, *"It is impossible for European working boats to be exported to the US."*

¹³ A reference to United Laboratories, a major provider of certification services in the US.

¹⁴ The European Engineering Industries Associations, Orgalime, Position Paper, May 2014.

Figure. 2.5 NTM incidence computer, electronic, electrical products, machinery and other transport equipment, SMEs only.



Source: Commission staff calculations from survey's replies.

2.2.1.2 Cross-cutting issues

It is also useful to look at the survey responses from the perspective of the nature of the barriers raised.

Regulatory compliance

The most frequent challenge SMEs raise overall, as the sectoral analysis has shown, is **regulatory compliance, whether SPS or TBT**. Just under 30% of all the issues raised by SMEs responding to the questionnaire came from these two types of barriers, by far the largest category. These are requirements linked to minimum standards and minimum quality, to registration, testing, certification of conformity and inspection or to labelling, marking and packaging. Bans and restrictions are also frequently raised. SPS and TBT measures are problematic for firms across all manufacturing sectors (see Table A.7 in the annex), going from food and beverages to machinery and equipment; computers, electronic and optical products; electric equipment; chemicals and pharmaceuticals as well as more traditional sectors such as textiles. It is also worth noting that among firms that said they did not export to the US, 27% (82/303) said the reason was extra costs due to US laws, regulations, administrative requirements, etc.

Differences in regulation across US states were raised by several firms, by food producers, a machinery manufacturer (who highlighted differences in environmental regulation), and beverage producers (beer, wine and spirits). A brewer noted that in Texas beer above 5% alcohol by volume "*has to be named Ale.*" One firm also raised the complication of having "*different taxes across the 50 states.*" EU brewers regularly address.

In general, replies to the specific question on “who applies the barrier”, tend to show that **the main regulatory barriers that SMEs are aware of originate from the US federal government**. However, in sectors such as mining and mineral products, food and beverages, textiles and leather, chemicals and machinery and equipment and computers firms highlighted that **state level regulations are also acting as barriers** (Table 2.4).

Table 2.4 Who apply the NTMs by sector – Goods (%)

	The regulation is applied by US Government (federal)	The regulation is applied by US States	It is a private standard	do not know.	
Agriculture, Forestry and Fishing	48.0	8.0	4.0	40.0	100.0
Mining and quarrying	44.4	55.6	0.0	0.0	100.0
Manuf of food products	59.6	15.8	3.5	21.1	100.0
Manuf of beverages	51.9	33.3	0.0	14.8	100.0
Manuf of textiles	47.8	21.7	0.0	30.4	100.0
Manuf of wearing apparel	57.1	14.3	0.0	28.6	100.0
Manuf of leather and related products	50.0	16.7	0.0	33.3	100.0
Manuf of wood and of products of wood and cork	44.4	0.0	22.2	33.3	100.0
Manuf of paper and paper products	33.3	33.3	0.0	33.3	100.0
Manuf of chemicals and chemical products	41.4	10.3	13.8	34.5	100.0
Manuf of basic pharmaceutical prod and preparations	75.0	8.3	8.3	8.3	100.0
Manuf of rubber and plastic products	41.2	5.9	23.5	29.4	100.0
Manuf of other non-metallic mineral products	62.5	12.5	0.0	25.0	100.0
Manuf of basic metals	47.1	11.8	0.0	41.2	100.0
Manuf of fabricated metal products	23.9	4.3	4.3	67.4	100.0
Manuf of computer, electronic and optical products	51.7	13.8	6.9	27.6	100.0
Manuf of electrical equipment	60.0	0.0	15.0	25.0	100.0
Manuf of machinery and equipment n.e.c.	37.7	21.7	10.1	30.4	100.0
Manuf of motor vehicles, trailers and semi-trailers	22.2	11.1	0.0	66.7	100.0
Manuf of other transport equipment	25.0	0.0	0.0	75.0	100.0
Manuf of furniture	25.0	0.0	12.5	62.5	100.0
Other manufacturing	52.4	19.0	2.4	26.2	100.0
Repair and installation of machinery and equipment	28.6	0.0	0.0	71.4	100.0
Electricity, gas, steam and air conditioning supply	33.3	33.3	0.0	33.3	100.0
Water supply, sewerage, waste manag and remediation activ	0.0	50.0	0.0	50.0	100.0
Construction	100.0	0.0	0.0	0.0	100.0
Other NACE	20.7	17.2	10.3	51.7	100.0
Total	43.6	16.3	6.3	33.8	100.0

Source: Commission staff calculations from survey's replies.

Access to information

Often EU companies struggle to get and keep an overview of the rules and regulatory developments in different US States. This can be particularly burdensome for SMEs. Table 2.4 also shows that close to a third of the respondents were unable to identify the actual source (federal or sub-federal) of the regulatory burden they faced, which also confirms the practical difficulty for European SMEs to access information concerning the rules and requirements applicable to their specific products.

Some specific comments supported this conclusion. A French SME in the precision instruments sector notes this difficulty, stating that they, *"discover the requirements bit by bit"*. Another, in the food sector, stated that although some information is available on the Food and Drug Administration's website further contacts were required to fully understand the requirements, *"these contacts necessitate having an agent that knows the procedures well, which brings non-negligible costs. That need can be a factor of 'inequality' compared to the American companies."*

Measures linked to crossing the border

This category of barriers also heavily affects EU SMEs exports. It includes customs procedures, quantity limitations, rules of origin and taxes and charges other than tariffs.

Taken together 274 issues of this kind were flagged by SME respondents, a third of the total. The issue also incited many comments.

Costs associated with border crossing are seen as significant. Several firms raised customs valuation methods¹⁵. In addition, in the words of a UK cider producer, *"container inspections can be very costly, which can affect our overseas pricing and mark-up."* A French jewellery producer was concerned about the need to *"pay [sales tax] in advance on products under temporary importation and subject to only potential sales"* as well as *"difficulties to get the drawback when the temporary importation is re-exported: if the goods are returned to France it is very difficult to obtain refund of the taxes."* and the *"cost of the broker, long lead-time of the process, difficulty to access the information."*

Small costs can be more important for SMEs. A Greek firm highlighted, *"the cost of the ISF bond"* required as an assurance that companies importing to the US will comply with laws and procedures. And an EU exporter of spices stated, *"having an importing agent ... costs about 500 USD per year and are just a reference contact to customs in case they want to inspect the merchandise."* Customs brokers are not compulsory in the US system but many companies find them necessary to navigate the complex customs system.

Tariffs were not part of the survey but were raised by firms in the textiles and metals sectors. In addition 8% of all the firms that said they do not export to the US (24/303) indicated that the reason was tariffs.

¹⁵ 31 respondents highlighted issues with custom valuation issues (section F1 in Table A8) and 25 of them are SMEs distributed uniformly across manufacturing sectors.

The timing of processing of goods by the customs was another frequently cited issue. A Dutch producer of optical equipment stated that, *"[c]olorimeters have been kept at customs for a long time without accurate information or instructions on procedure."* And a French SME that sells sensors said, *"customs clearances are always delaying our deliveries."* At the other extreme, other French companies found some deadlines set by US customs difficult to meet, *"with the consequence, sometimes, of losing merchandise"*. It is worth noting that, according to recent research, each extra day the delivery of merchandise spends in transit is estimated to be equivalent to 0.6% to 2.1% ad-valorem tariff, on the basis of US import data.¹⁶ The highest time sensitivity is for parts and components.

The overall **administrative burden** of customs procedures was also raised in comments. The complexity of the duty structure was raised by a clothing manufacturer. This seemed particularly important for smaller shipments, like samples (e.g. organic cotton sleeping bags) or spare parts (machinery) or for temporary importations to put goods on sale. This last issue was raised by the French jewellery company cited above, who noted, *"if the goods are returned to France it is very difficult to obtain refund of the taxes."*

A number of firms raised concerns on the impact of information requirements on the **confidentiality** of strategic information. A French regional chamber of commerce argued that *"the American authorities request foreign firms to provide very detailed information on the origin of their products because of traceability and transparency concerns and request the suppliers to be registered directly with them. These requests are very costly for French enterprises which also run the risk of disclosing strategic information often linked to technology. This risk affecting the SMEs competitiveness and it touches the hearth of their product strategies"* The a second French chamber of commerce raised a request from a textiles business, *"It would be useful to obtain a commitment to the confidentiality of all the information collected in the context of the customs process."*

Several firms also raised issues of **rules of origin** and one in particular noted that that the administrative costs of complying with the rules of origin significantly reduce the benefits of tariff elimination. As it was put, *"Please note this interrelation: (small company with small to medium value to ship per product and preferential calculation done "by hand") - (low import duties of the US) = (not much money to save.) That means that the effort to issue an origin statement is often too expensive compared to what can be saved."*

Finally, rules related to **security** are an issue. One SME raised, *"measures flowing from the Patriot Act"* and another was concerned about any future application of the so-called 100% scanning rules.

Border procedures are also highlighted in other studies carried in EU Member States like the one from the German Chamber of Industry and Commerce (DIHK)¹⁷ where companies have reported

¹⁶ David L. Hummels & Georg Schaur, 2013. "Time as a Trade Barrier," American Economic Review, American Economic Association, vol. 103(7), pages 2935-59, December

¹⁷ Deutscher Industri und Handelskammertag (DIHK) "Going International 2014/2015 – Erfahrungen und Perspektiven der deutschen Wirtschaft im Auslandsgeschäft".

problems with the “known consignor” status and the X-ray scanning of products. Issues with custom procedures were also highlighted by British¹⁸ and Swedish firms¹⁹.

Rules affecting competition on the US market

This was highlighted as a concern for a significant proportion of the respondents (about 30% as shown in Table A.7, columns H and L) specifically by SMEs from the food and beverage sector, the chemical industry as well as from the machinery and equipment sector. Among the respondents, 21 SMEs highlighted that they felt penalised by the fact that their US competitors receive government subsidies and 24 said that their ability to compete in the US market was hindered by special rights granted to companies owned or controlled by US federal or state government.²⁰

Financing

This came up in several contexts. Rules on financing transactions were highlighted by 19 respondents. One raised rules on the exchange rate that has to be used to calculate the value of products (i.e. depending on the type of product a different exchange rate must be used).

Furthermore several respondents highlighted the high insurance charges required to protect businesses from claims related to the manufacture or sale of products to the public. One SME from Germany in the rubber and plastics sector said: *“We do not export to the US because of the high charges for product liability insurance.”* Another German SME in the same sector stated, *“German liability insurance for products demands significantly higher premiums for businesses with U.S. company.”* Other SMEs highlighted the difficulty to buy insurance when operating in the US because of the US residency/jurisdiction requirements. An SME from Poland stated, *“None of the European insurance companies want to issue insurance for our business activities in the USA and Canada.”* At the core of the insurance issue is the *“risk of legal processes”*. This concern is expressed by different respondents and seems to be an important deterrent for SMEs entering the US market. It is also strongly highlighted in a study conducted by IPSOS for the Confederation of Swedish Enterprises²¹. Although this is not a result of government policy, and not being dealt with in the TTIP negotiations, it is clearly a significant issue for SME seeking to export to the United States, and more so than for large firms.

Intellectual property

IP is also a source of concern for EU SMEs aiming to sell in the US.

Several SMEs raise problems caused by lack of protection for their **geographical indications**. An Italian cheese producer stated, *“The US Government does not recognize the Denomination of Protected Origin (DOP) of Gorgonzola cheese... [T]here are lots of domestic blue cheese productions*

¹⁸ British American Business “Local, Specific, Tangible” TTIP Case Studies, Report of the 2013-14 BAB TTIP Road Show Series

¹⁹ IPSOS (2015) “Små- och medelstora företag ser potential med slopade handelshinder”

²⁰ Sections L and H.1 in Table A.8

²¹ IPSOS (2015) “Små- och medelstora företag ser potential med slopade handelshinder” available at www.svensktnaringsliv.se

in Wisconsin and the blue cheese themselves are called Gorgonzola." The issue was also raised by a maker of balsamic vinegar.

SMEs face issues related to the existing difference between the **patent system** in the EU and in the US, which seems to be a problem affecting in particular the small exporters from the computers, electronic and optical products industry. For example an SME from Romania from the beverages sector said, *"the rules on trademarks allow for US companies to take court action against producers from the EU on trademark issues, or indeed clients for our products in the USA, without any examination of the merits of the case. This creates an unfair situation where the producer and its customers have to pay huge lawyer fees just to defend themselves against often spurious trademark cases."*

Public Procurement

Many respondents faced difficulty with public procurement, across a range of sectors, including paper, construction, software services, the food sector. In the words of a paper manufacturer, *"[a]ccording to the "Buy American Act", and "Federal Acquisition Regulation, 2005, all bond paper for printing ... has to be bought from local paper manufacturers."* A German IT provider noted, *"Buy America ... restricts our ability to sell our services."* A firm eligible to sell products to the US government found, *"GSA accreditations to be entitled to do business with federal governmental bodies"* to be burdensome.

"Buy America" or "Buy American" provisions favour US products and/or US producers in US procurement. They cover a number of discriminatory measures, which apply to government-funded purchases. In addition, procuring entities can set aside procurement contracts for small businesses.

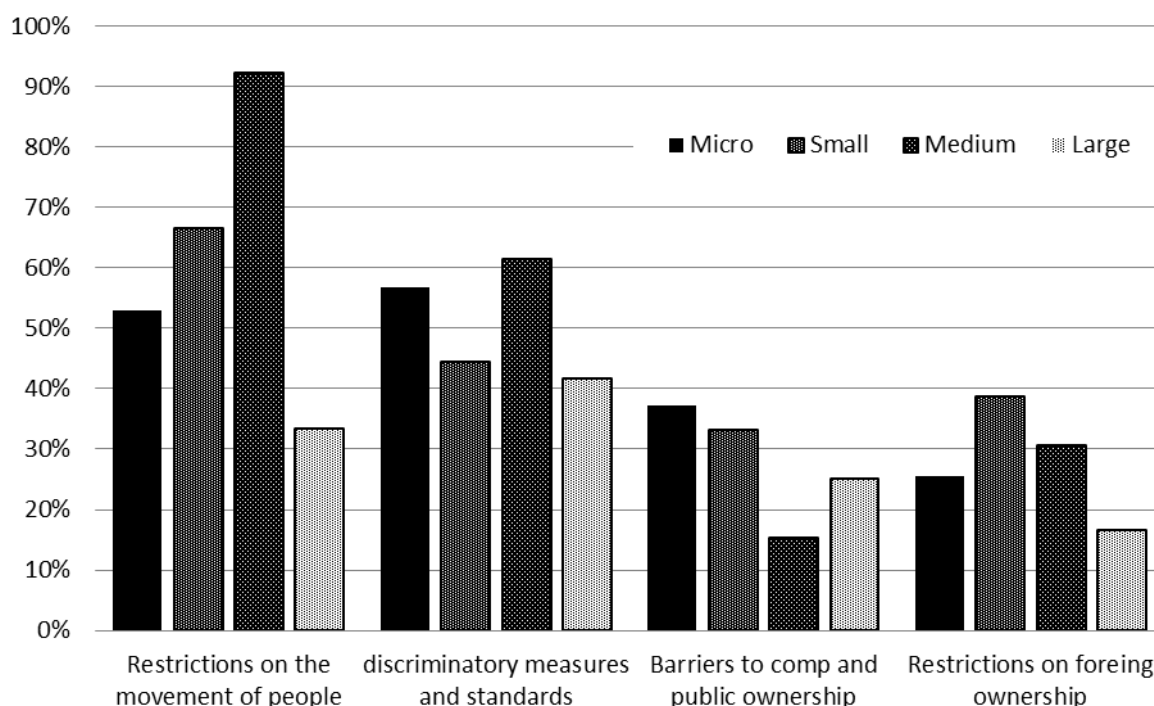
The issues raised by survey respondents are backed up by existing information from other EU exporters across the board. For example, European contractors mention the case of dredging services for which the US market is completely closed to EU companies due to the Jones Act.²²

2.2.2. Services

From the survey, two particular types of NTMs clearly affect SME exports of services to the US the most: restrictions on the movement of people and discriminatory measures and standards (Figure 2.6). High shares of the respondents to this section of the survey highlighted that they face at least one barrier related to their need to temporarily send personnel to the United States in order to provide their service.

²² European Dredging Association, Annual Report 2013

Figure 2.6 Reported trade barriers – Services (by firm size)



Source: Commission staff calculations from survey's replies.

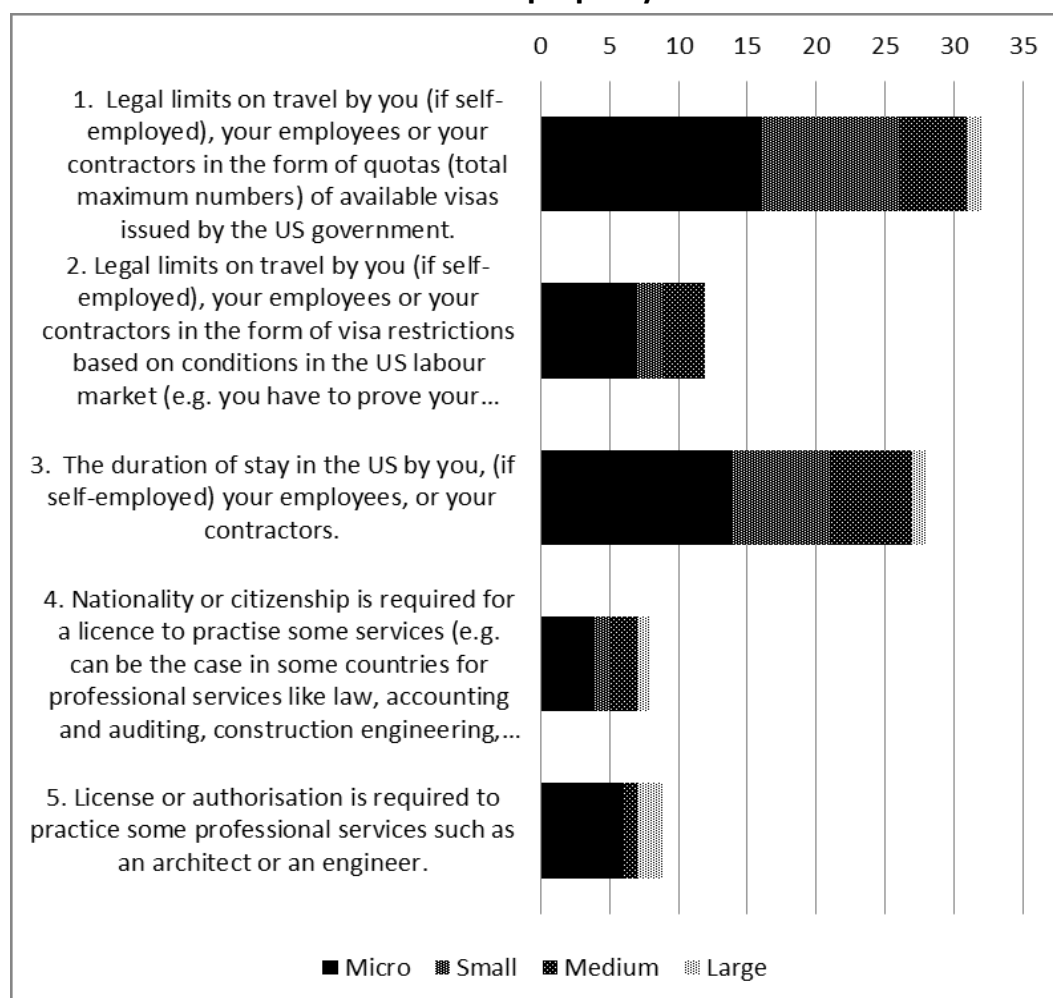
Analysing the specific barriers faced regarding the **restrictions on the movement of people**, SMEs particularly complain about the existing legal limits on the ability of their staff to travel to the US, and about the limits on the duration of the stays of their staff in the US. Such measures are particularly detrimental to smaller businesses' interests as most often they cannot rely on locally hired personnel (Figure 2.7).

A self-employed UK freelance photographer commented on his difficulty to apply for a US visa when his work is paid by a US company rather than when it is paid by a EU company. *"Currently to work in the USA as a freelance photographer I have to find a way of being paid by a subsidiary or sister company outside of the United States. It would be far easier to gain work in the United States and expand my business into the USA market if I did not have to be paid in this way to get access to the country. The main issue is gaining entry to the country as the visa I can get through the ESTA system only allows me to enter the country if my work in the USA is being paid for by a company that is not based in the USA. To work in the USA for a company that is based in the USA I need to apply much earlier for a visa - in my area of work this is often not possible as I am generally only hired a few days before I start working."*

This problem also affects larger firms, as is well illustrated by the claim of a large firm from German from the rubber and plastic sector that declared *"We are facing issues regarding visas: The technologies we are using are not known [in] the USA. Due to this reason, we have to send employees from our European locations to our subsidiary in the USA for training the employees there. Our aim is to transfer the knowledge to the employees of our subsidiary in the USA so that these employees gain the knowledge and independently apply it. Regarding the transfer from*

Germany, the E visa is very helpful. But outside Germany (especially Italy) it is very difficult to quickly send employees abroad for these purposes." A Belgian provider of scientific and technical services for the pharmaceutical and biotech industry declared that for them it is a "Problem to have people in US for training or education or internship for longer than 3 months. Visa procedures are not flexible enough to have people on a six months educational internship (while being paid)."

Figure 2.7 Restrictions on the movement of people by firm's size



Source: Commission staff calculations from survey's replies.

A breakdown by sector in Table 2.5 highlights that most complaints in all NTMs considered have been raised by the information and communications technology sector and the professional, scientific and technical sectors. Nevertheless, the majority of complaints from these two sectors, which are the fastest growing services in the EU, are concentrated on the movement of people.

Similar issues have also been raised in other reports on trade barriers faced by SMEs in the US like the one from the British American Business (BAB)²³ where a small British IT firm reports a set of

²³ British American Business "Local, Specific, Tangible" TTIP Case Studies, Report of the 2013-14 BAB TTIP Road Show Series, p. 15

issues with the existing visa rules that do not allow for short term ad-hoc consultancy in US without setting up an office in the US and then applying for intra-company transfer visas. Similarly the DIHK report²⁴ highlighted the difficulties that the current visa system creates *“for the temporary internal transfer of technicians for the installation of factories and machineries or for general staff training”*.

Furthermore, it's essential to note that mobility also affects manufacturing firms. One survey respondent, a micro Belgian engineering company, claimed to be affected by the fact that the *“oil and gas industry has limitations on the number of foreign people that can be present on oil well areas and oil rigs.”*

Finally, licencing is also important for mobility of professional service providers, and has been raised by professional organisations as a concern. European architects for instance, are seeking mutual recognition of their qualifications and those of their US counterparts.²⁵

²⁴ Deutscher Industrie und Handelskammertag (DIHK) "Going International 2014/2015 – Erfahrungen und Perspektiven der deutschen Wirtschaft im Auslandsgeschäft", p. 4.

²⁵ Architects Council of Europe, ACE Info, February 2015.

Table 2.5 Sectoral distribution of the replies of SMEs (1-250) to the NTMs questions on Services

	Number of firms replying	Number of replies by subsection			
		Restrictions on the movement of people	Discriminatory measures and standards	Barriers to competition and public ownership	Restrictions on foreign ownership
Manuf. of food products	3	3	2	0	0
Manuf. of textiles	3	0	1	2	1
Manuf. of basic metals	1	1	0	0	0
Manuf. of computer, electronic and optical prod.	7	2	3	4	2
Manuf. of electrical equipment	2	1	1	0	0
Manuf. of machinery and equipment n.e.c.	2	1	2	1	0
Other manufacturing	2	1	3	1	0
Water supply, sewerage, waste manag. and remediation activities	4	2	2	2	2
Construction	3	1	2	0	0
Wholesale and retail	1	0	2	0	0
Transportation and storage	2	2	0	0	0
Information and communication	52	33	24	20	17
Financial and insurance activities	9	4	4	2	1
Professional, scientific and technical activities	39	24	20	7	10
Administrative and support service activities	2	2	0	0	1
Other NACE	15	10	8	4	1
Total	147	87	74	43	35

Source: Commission staff calculations from survey's replies.

Finally, the question of state vs. federal level regulation is also an issue for services firms. When asked to identify who applies the relevant services regulation that acts as a barrier, firms mainly pointed to the federal level. However, survey respondents in transportation and storage and professional services suggested that state-level regulation is as relevant as federal rules (Table 2.6).

Table 2.6. Who applies the NTMs by sector – Services (%)

	The regulation is applied by US Government (federal)	The regulation is applied by US States	It is a private standard	do not know.	
Agriculture, Forestry and Fishing	14.3	0.0	0.0	85.7	100.0
Mining and quarrying	0.0	0.0	0.0	100.0	100.0
Manuf of food products	45.5	9.1	0.0	45.5	100.0
Manuf of beverages	50.0	25.0	0.0	25.0	100.0
Manuf of textiles	33.3	0.0	0.0	66.7	100.0
Manuf of wood and of products of wood and cork	50.0	0.0	0.0	50.0	100.0
Manuf of paper and paper products	50.0	0.0	0.0	50.0	100.0
Manuf of chemicals and chemical products	30.0	0.0	10.0	60.0	100.0
Manuf of basic pharmaceutical products and pharmaceutical preparations	33.3	0.0	0.0	66.7	100.0
Manuf of rubber and plastic products	40.0	0.0	0.0	60.0	100.0
Manuf of other non-metallic mineral products	50.0	0.0	0.0	50.0	100.0
Manuf of fabricated metal products	13.3	0.0	0.0	86.7	100.0
Manuf of computer, electronic and optical products	50.0	8.3	0.0	41.7	100.0
Manuf of electrical equipment	50.0	16.7	0.0	33.3	100.0
Manuf of machinery and equipment n.e.c.	28.0	12.0	8.0	52.0	100.0
Manuf of furniture	0.0	0.0	25.0	75.0	100.0
Other manufacturing	30.0	20.0	0.0	50.0	100.0
Repair and installation of machinery and equipment	0.0	25.0	0.0	75.0	100.0
Electricity, gas, steam and air conditioning supply	50.0	50.0	0.0	0.0	100.0
Water supply, sewerage, waste management and remediation activities	100.0	0.0	0.0	0.0	100.0
Construction	100.0	0.0	0.0	0.0	100.0
Wholesale and retail	30.0	0.0	0.0	70.0	100.0
Transportation and storage	41.7	33.3	0.0	25.0	100.0
Accommodation and food services, non-market services	66.7	0.0	0.0	33.3	100.0
Information and communication	51.6	16.1	9.7	22.6	100.0
Financial and insurance activities	42.9	14.3	14.3	28.6	100.0
Professional, scientific and technical activities	36.4	33.3	3.0	27.3	100.0
Other NACE	29.2	33.3	4.2	33.3	100.0
Total	34.8	15.5	3.8	45.8	100.0

Source: Commission staff calculations from survey's replies.

2.2.3 General findings

The survey confirms the general understanding that barriers **are likely to be more of a deterrent for SMEs' exports than for large firms as these smaller firms perceive them as being more costly relative to their sales.** This suggests that these barriers may by their nature force firms to incur fixed costs to overcome them, which means that the smaller firms with less financial resources will be particularly affected.

Table 2.5. Replies to: "Compared to your actual sales in the US in 2013 (or in the last year you have exported to the US), the cost of the rules and regulations identified above represent"

	Micro		Small		Medium		Large		Total
(a) 0%-5%;	11	31%	23	53%	32	48%	23	53%	89
(b) 5%-20%;	11	31%	9	21%	25	37%	17	40%	62
(c) More than 20%	7	19%	4	9%	2	3%	2	5%	15
NA	7	19%	7	16%	8	12%	1	2%	23
Total	36		43		67		43		189

Notes: On the firms that have complained about SPSs and TBTs ; Micro are firms with 1 to 9 employees; Small are firms with 10 to 50 employees; Medium are firms with 51 to 250 employees and Big are firms with more than 250 employees.

Source: Commission staff calculations from survey's replies.

Finally, the non-tariff barriers highlighted by exporters have been equally identified as issues by marginal and non-exporters.

Table 2.7 Replies to NTMs' questions by export status

	Marginal exporters	Non exporters	Only intra- EU	Total
All NTBs	21	5	6	32
SPSs*	5	0	1	6
TBTs	11	1	5	17
Border procedures	5	0	2	7
AD, counterfuit and safeguard	2	1	0	3
Licences and quant. controls (incl. quotas)	5	1	3	9
price-control measures	3	0	2	5
Finance measures	5	0	2	7
Measures on competition	3	0	2	5
Investment measures	1	0	1	2
Distribution restrictions	2	1	2	5
Restrictions on post-sales	1	0	2	3
Subsidies	3	1	1	5
GP restrictions	4	1	1	6
IP	1	1	2	4
Rules of origin	3	0	1	4
Export-related measures	4	1	2	7
Restrictions on the movement of people	1	0	0	1
discriminatory measures and standards	1	0	0	1
Barriers to comp and public ownership	1	0	0	1
Restrictions on foreign ownership	0	0	0	0

Source: Commission staff calculations from survey's replies.

Conclusion

This report highlights the significant role of European SMEs in EU-US trade. They account for 28% of the EU's direct exports to the US as well as a significant share of total US imports. The commercial relationship between the United States and the European Union clearly delivers benefits for small businesses in Europe.

However, the survey has demonstrated that SMEs see a number of difficulties in trying to export to the US market.

There are numerous cross-cutting issues. The challenge of complying with technical rules and regulations for all goods is the most frequently cited issue. In some cases, EU SMEs say they are legally excluded from the market, as in many parts of public procurement. Other issues include problems of simply accessing information about what regulation applies to their product.

Manufacturing SMEs raise sector-specific rules such as in the case of food, beverages and agricultural products, pharmaceuticals textiles, machinery and electrical equipment. In the services area, restrictions in the movement of people are the most highlighted issue.

These results underscore the possibilities offered by the ongoing TTIP negotiations to effectively contribute to facilitating the access of EU SMEs to the US market. An ambitious, balanced and comprehensive TTIP agreement represents the best opportunity to reduce small companies' costs and potentially open up for them new market possibilities, to the benefit of both sides of the Atlantic.

ANNEX

Table A1 Distribution of survey respondents by firm size and country

Country	Micro	Small	Medium	Big	Total
Austria	3	1	2	1	7
Belgium	20	6	12	8	46
Bulgaria	2	4	3	0	9
Croatia	4	5	2	4	15
Czech Republic	0	0	0	2	2
Denmark	0	0	1	2	3
Estonia	1	1	0	1	3
Finland	7	8	9	0	24
France	44	37	23	12	116
Germany	37	36	71	52	196
Greece	14	11	6	2	33
Hungary	0	0	0	2	2
Ireland	5	1	1	1	8
Italy	22	32	12	6	72
Latvia	1	0	0	0	1
Lithuania	4	5	7	3	19
Luxembourg	0	0	2	0	2
Netherlands	4	3	1	1	9
Poland	25	15	10	2	52
Portugal	6	8	5	10	29
Romania	12	17	10	4	43
Slovenia	0	1	0	2	3
Spain	10	27	27	11	75
Sweden	2	2	1	1	6
United Kingdom	52	6	6	5	69
Other country (Turkey)	4	0	11	10	25
Total	279	226	222	142	869

Notes: Micro are firms with 1 to 9 employees; Small are firms with 10 to 50 employees; Medium are firms with 51 to 250 employees and Big are firms with more than 250 employees.

Source: Commission staff calculations from survey's replies.

Table A2 Distribution of survey respondents by firm size and sector

	Micro	Small	Medium	Big	Total
Agriculture, Forestry and Fishing	7	13	12	3	35
Mining and quarrying	2	1	3	2	8
Manuf. of food products	18	23	21	10	72
Manuf. of beverages	5	17	17	3	42
Manuf. of tobacco products	1	0	0	0	1
Manuf. of textiles	8	3	10	4	25
Manuf. of wearing apparel	3	3	2	1	9
Manuf. of leather and related products	0	1	2	1	4
Manuf. of wood and of products of wood and cork	7	4	2	1	14
Manuf. of paper and paper products	2	0	1	2	5
Printing and reproduction of recorded media	2	1	0	0	3
Manuf. of coke and refined petroleum products	0	0	1	0	1
Manuf. of chemicals and chemical products	4	7	8	10	29
Manuf. of basic pharmaceutical products and pharmaceutical prep.	5	5	3	4	17
Manuf. of rubber and plastic products	3	7	9	6	25
Manuf. of other non-metallic mineral products	2	4	3	4	13
Manuf. of basic metals	0	3	13	6	22
Manuf. of fabricated metal products	7	17	21	22	67
Manuf. of computer, electronic and optical products	11	7	5	4	27
Manuf. of electrical equipment	1	10	9	4	24
Manuf. of machinery and equipment n.e.c.	12	12	30	14	68
Manuf. of motor vehicles, trailers and semi-trailers	2	1	2	3	8
Manuf. of other transport equipment	0	0	4	4	8
Manuf. of furniture	6	6	4	0	16
Other manufacturing	15	14	10	7	46
Repair and installation of machinery and equipment	3	2	0	1	6
Electricity, gas, steam and air conditioning supply	1	1	1	2	5
Water supply, sewerage, waste management and remediation activities	1	2	3	1	7
Construction	3	3	5	0	11
Wholesale and retail	24	11	1	5	41
Transportation and storage	4	2	2	7	15
Accommodation and food services, non-market services	5	4	0	1	10
Information and communication	34	21	11	2	68
Financial and insurance activities	4	1	0	1	6
Professional, scientific and technical activities	41	8	4	3	56
Administrative and support service activities	6	1	0	0	7
Other NACE	30	11	2	3	46
<i>Total</i>	<i>279</i>	<i>226</i>	<i>221</i>	<i>141</i>	<i>867</i>

Table A3 Number of firms that replied to the non-tariff measures section of the survey by country and export status

	Exporter	Marginal	Non exporters	Only to EU	Total
Austria	4	0	1	0	5
Belgium	26	1	0	0	27
Bulgaria	1	0	0	0	1
Croatia	5	0	0	0	5
Czech Republic	2	0	0	0	2
Denmark	1	0	0	0	1
Estonia	1	0	0	0	1
Finland	12	0	0	0	12
France	56	3	1	1	61
Germany	75	3	3	1	82
Greece	9	1	0	1	11
Hungary	1	0	0	0	1
Ireland	3	0	0	0	3
Italy	29	0	0	0	29
Lithuania	7	0	0	0	7
Luxembourg	1	0	0	0	1
Netherlands	3	0	0	0	3
Poland	5	0	0	0	5
Portugal	9	4	0	2	15
Romania	10	0	1	2	13
Slovenia	13	4	0	0	17
Spain	2	0	0	0	2
Sweden	34	2	0	0	36
United Kingdom	2	1	0	0	3
Other country (Turkey)	22	5	1	0	28
Total	333	24	7	7	371

Table A4. Goods

	Micro	Small	Medium	Large	All firms
<i>Number of respondents per category (firms that have raised at least one issue per category):</i>	80	89	112	67	348
<i>Responses by categories:</i>					
A. Rules to protect human or animal health from toxic substances or infections etc ; - Rules to protect animals or plants from pests, etc; - Rules to protect biodiversity,;	16	29	36	12	93
B. Any other technical rules that affect your product (e.g., environmental rules other than on biodiversity, quality standards, whether voluntary or mandatory, procedures to check if your product complies with the rules)	45	48	73	45	211
C. Procedures specifically relating to crossing the US border, i.e. customs procedures. For example customs inspections before your product is shipped to the US (pre-shipment inspections); formalities once your product arrives at the US border to check the product's quality, quantity and value; or to ensure the product comes from the stated the country of origin; or that the right administrative procedures have been followed.	26	27	44	25	122
D. Antidumping duties; countervailing measures (i.e. duties that the US government charges on your products because they believe your product receives unfair subsidies from the government) and safeguard measures (i.e. a duty/tax on your product because the US government believes there has been an excessive surge in imports of that product)	9	6	5	3	23
E. Rules or procedures that limit the quantity of goods you can export to the US.	24	21	29	13	87
F. Requirements that affect prices, including taxes and charges other than tariffs/customs duties.	22	23	31	12	88
G. Rules affecting how you finance transactions.	16	20	18	12	66
H. Rules affecting competition on the US market.	25	20	28	12	85
I. If you have invested in the US (e.g. you own factories, land, offices in the US) are there restrictions on how you can do business there? (e.g. if you produce in the US are you required to use a minimum amount of certain US products? Is there a maximum amount of imported products you can use in your production in the US?)	1	1	4	3	9
J. Are there restrictions on the distribution channels for your product in the US - either geographically or on the kind of resellers you must work with?	6	19	17	4	46
K. Restrictions on the nature of after-sales services you can/must offer in the US	5	10	6	5	26
L. Are your US competitors receiving government subsidies (including export subsidies)	7	8	6	6	27
M. Are there restrictions limiting the purchases of your product by the federal and/or state governments in the US? (i.e. government procurement restrictions). These would generally involve rules that require government bodies to give priority to buying US-produced goods and services.	9	10	10	8	37
N. Do you have problems protecting your intellectual property in the US?	15	10	8	8	41
O. Do you have problems certifying the origin of your product for customs purposes (i.e. with rules of origin)?	9	9	9	11	38
P. Are there EU or EU Member State rules that apply to the exports of your product and that affect your trade with the US?	11	11	9	12	43

Table A.5. Replies on services by size class

	Micro	Small	Medium	Big	Total
<i>Number of respondents per category (firms that have raised at least one issue per category):</i>	51	18	13	12	94
A. Restrictions on the movement of people	27	12	12	4	55
B. Discriminatory measures and standards	29	8	8	5	50
C. Barriers to competition and public ownership	19	6	2	3	30
D. Restrictions on foreign ownership of firms/companies and other market entry conditions	13	7	4	2	26

Table A.6 Replies by size class

	Firms that have replied to the section on "Food, drink, animal feed and products that come into contact with food"	Firms that have replies to the section on all other goods	Firms that have replies to the section on services	Total
a.micro	27	53	51	131
b.small	39	50	18	107
c.medium	48	64	13	125
d.big	15	52	12	79
Total	129	219	94	442
Note: some firms have replied to more than one section of the questionnaire				

Table A7 Number of barriers by type of NTM and sector, SMEs that have replied to the NTM questions on goods

	N of SMEs replying	Replies by subsection															
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		SPSs*	TBTs	Border proc.	AD,	Lic. and quant. Contr.	price-control meas	Fin. meas	Meas. on comp.	Inv. Meas.	Distr. Restr.	Restr. on post-sales	Subsid.	GP restr.	IP	RoO	Export-related meas
Agriculture, Forestry and Fishing	14	14	8	6	3	4	2	6	3	1	2	0	2	2	2	3	3
Mining and quarrying	1	0	2	0	0	0	1	1	0	0	1	0	0	0	0	0	0
Manuf. of food prod	42	43	17	16	5	14	10	8	12	0	3	0	0	0	6	1	7
Manuf. of beverages	35	33	17	8	2	11	14	5	9	0	14	3	2	3	1	0	1
Manuf. of textiles	10	0	11	4	1	3	3	3	2	0	1	0	1	0	2	2	0
Manuf. of wearing apparel	5	0	1	0	2	2	1	0	0	0	0	0	1	0	0	0	0
Manuf. of leather and related prod	2	0	3	2	0	0	0	0	0	0	0	1	0	1	0	1	0
Manuf. of wood and of prod of wood and cork	4	1	6	3	0	2	1	0	1	0	0	1	1	0	2	2	1
Manuf. of coke and refined petroleum prod	1	0	1	0	0	1	0	0	1	0	1	0	0	0	0	0	0
Manuf. of chemicals and chemical prod	9	0	10	5	1	8	5	4	9	1	3	1	2	3	0	1	0
Manuf. of basic pharma prod and pharma prep.	10	0	14	3	1	5	3	1	4	0	2	1	2	2	2	1	0
Manuf. of rubber and plastic prod	9	1	7	6	0	0	3	2	2	1	0	1	1	1	1	0	2
Manuf. of other non-metallic mineral prod	4	1	0	1	0	0	0	1	1	0	0	0	0	0	0	0	1
Manuf. of basic metals	6	0	5	1	0	1	0	0	0	0	0	0	0	0	0	1	0
Manuf. of fabricated metal prod	12	2	12	5	0	2	0	1	2	0	2	1	0	2	0	1	1
Manuf. of computer, electronic and optical prod	16	0	20	4	2	1	4	4	6	1	2	3	1	3	6	2	3
Manuf. of electrical equipment	11	1	16	4	0	3	2	2	5	0	1	2	1	3	2	0	1
Manuf. of machinery and equipment n.e.c.	25	3	28	6	1	2	7	4	8	0	2	1	0	0	3	2	2
Manuf. of motor vehicles, trailers and semi-trailers	1	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Manuf. of other transport equipment	2	0	2	0	0	1	0	0	0	0	0	0	0	1	0	0	0
Manuf. of furniture	3	0	3	0	0	0	0	1	0	0	1	0	0	1	0	0	0
Other manufacturing	21	0	23	6	0	11	9	9	7	0	3	1	2	2	2	3	2
Repair and installation of machinery and equipment	2	0	0	1	0	0	1	1	1	0	0	1	0	0	0	0	0
Water supply, sewerage, waste manag. and remediation activities	2	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction	2	0	3	1	0	1	1	1	0	1	1	1	0	1	0	1	1
Wholesale and retail	17	4	9	6	1	3	4	3	5	0	1	1	1	1	2	2	2
Transportation and storage	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accommodation and food services, non-market services	3	3	1	2	0	2	2	2	1	0	0	1	0	0	0	0	0
Information and communication	5	0	5	2	0	1	2	1	3	0	0	0	3	1	2	0	2
Prof., scientific and tech activities	2	0	1	2	1	1	1	1	1	1	1	1	1	1	0	2	1
Other NACE	3	1	2	1	0	1	0	1	0	0	0	0	0	1	0	1	1
Total	280	107	229	96	20	80	76	62	83	6	41	21	21	29	33	26	31

Table A.8 Classification of non-tariff measures that may affect exports or foreign investment

Potential Barriers in Goods	
Types of government rules and administrative procedures	Potential barrier
<p>A.</p> <ul style="list-style-type: none"> - Rules to protect human or animal health from toxic substances or infections etc - Rules to protect animals or plants from pests, etc; - Rules to protect biodiversity. <p>NB: <i>Other rules that aim to protect the environment, consumers or the welfare of animals are covered in B. below.</i></p> <p><i>(only for exporters of Food, drink, animal feed and products that come into contact with food (e.g. packaging, cooking utensils))</i></p>	1. A ban or restriction specifically because of where your product is grown or produced; a special authorisation; a requirement to register my product; other similar requirements.
	2. A maximum limit on the amount of particular substances (e.g. pesticides) that can be present in your product; other restrictions on the use of substances in food or feed and products that come into contact with them (e.g. packaging, cooking utensils).
	3. Labelling, marking and packaging requirements
	4. Hygiene requirements related to food quality, composition and safety (e.g. Milking equipment on the farm should be cleaned daily with a specific detergent; liquid eggs should be pasteurized or treated to destroy all viable <i>Salmonella</i> microorganisms.)
	5. A requirement to treat your product in a particular way in order to eliminate plant and animal pests and disease-causing organisms (e.g. after-harvest treatment like cold/heat treatments, irradiation, fumigation, etc.)
	6. Other rules on how your product can be produced or handled after it is produced. (e.g. plant-growth processes, rules on animal-rearing or catching, processing of food and feed, storage and transport conditions, etc.)
	7. A requirement to verify that any or all of the above rules have been followed: <ul style="list-style-type: none"> - by registering the product in the US; or - through tests; or - by getting a certification that your product conforms with particular regulations; - or by allowing your product to be inspected in the US, etc.
	8. An obligation to provide information to allow the US authorities to trace your product through the different stages of production, processing and distribution.
<p>B.</p> <p>Any other technical rules that affect your product (e.g., environmental rules other than on biodiversity, quality standards, whether voluntary or mandatory, procedures to check if your product complies</p>	1. A ban or restriction on your product for a technical reason.
	2. A maximum limit on the amount of a particular substance that can be present in your product. A restriction on the use of particular substances that might cause contamination or other risks during the production process.
	3. Labelling, marking and packaging requirements.
	4. Rules on how your product can be produced or handled after it is produced, including transport and storage.
	5. To identify your product with a certain denomination (including biological or organic labels) it must meet certain requirements. (e.g., a product must contain 30% cocoa minimum to be identified as

with the rules) NB: <i>This section does not include the health, and other rules for food, drink etc. that are covered under group A</i>	"chocolate")
	6. A requirement that your product performs up to certain standards or that is of a certain minimum quality.
	7. A requirement to verify that any or all of the above rules have been followed: - by registering the product in the US; or - through tests; or - by getting a certification that your product conforms with particular regulations - or by allowing your product to be inspected in the US, etc
	8. Any other rules of this type
C. Procedures specifically relating to crossing the US border , i.e. customs procedures. For example customs inspections before your product is shipped to the US (pre-shipment inspections); formalities once your product arrives at the US border to check the product's quality, quantity and value; or to ensure the product comes from the stated the country of origin; or that the right administrative procedures have been followed.	
D. Antidumping duties; countervailing measures (i.e. duties that the US government charges on your products because they believe your product receives unfair subsidies from the government) and safeguard measures (i.e. a duty/tax on your product because the US government believes there has been an excessive surge in imports of that product)	
E. Rules or procedures that limit the quantity of goods you can export to the US.	1. A requirement to get a license so that your product can be imported into the US. It could be that the government does not give the license automatically or that your firm or your product has to meet certain specific criteria..
	2. A rule that only a certain quota (number/quantity) of the product(s) you make can be imported into the U S. The quota can be permanent, seasonal or temporary. It can apply to imports from a particular country or to all imports into the US, no matter what the origin.
	3. A ban on importing specific products for any reason.
	4. A system where different tariffs/customs duties can be applied to the same product: The lower rates apply up to a certain value or volume of imports, and the higher rates are charged on imports which exceed this amount. This is known as a tariff-rate quota.
	5. Other rules that control the quantity of imports.
F. Requirements that affect prices , including taxes and charges other than tariffs/customs duties.	1. Rules that affect how much customs authorities determine your product is worth (the customs value). For example: a minimum import price, a reference price or other administrative rules affecting the customs value.
	2. Voluntary export-price restraints: Do you (or your intermediary) agree to keep the price of your product above a certain level when you sell it in the US as part of an agreement with the US government?
	3. Variable charges (other than customs duties) between processed and unprocessed food (sometimes charges are calculated by total quantity (e.g. litres of milk); other times they are calculated in proportion to how much of the primary product is contained in the processed product (e.g. percentage of milk in a chocolate bar).
	4. Customs surcharges: do you pay extra charges taxes or duties charged by customs authorities?
	5. Seasonal duties/taxes: do you pay duties which are applied at certain time of the year and which are generally related to agricultural

	products?
	6. Additional taxes and charges for services provided by the government: Do you pay for example fees for inspection, processing and servicing by customs, fees to handle or store merchandise, taxes on foreign exchange transactions, stamp tax, import licence fee, consular invoice fee, statistical tax, tax on transport facilities, etc.?
	7. Taxes and charges on imports not charged by customs authorities: Do you pay higher sales taxes/VAT than competing US products? Or higher excise duties and CO ₂ emission taxes than those applied to domestic products?
	8. A legally defined customs value for your product.
	9. Other price control measures.
G. Rules affecting how you finance transactions.	1. Requirements to pay import taxes/transaction costs in advance.
	2. Rules on the exchange rate that has to be used to calculate the value of your product (i.e. depending on the type of product a different exchange rate must be used).
	3. Controls on foreign exchange that affect how importers/customers get access to your currency to pay you.
	4. Regulations concerning the way you charge customers in the US and how you obtain and use credit to finance imports. (e.g. no more than 50% of the transaction of value can be paid in advance of the arrival of goods to the port of entry).
	5. Other finance measures.
H. Rules affecting competition on the US market.	1. Companies that are owned or controlled by the US federal or state governments have special rights and privileges to influence how much of your product can be imported or where can be imported.
	2. A requirement to use a particular US insurance, transport or other service provider
	3. Other measures affecting competition
I. If you have invested in the US (e.g. you own factories, land, offices in the US) are there restrictions on how you can do business there? (e.g. if you produce in the US are you required to use a minimum amount of certain US products? Is there a maximum amount of imported products you can use in your production in the US?)	
J. Are there restrictions on the distribution channels for your product in the US - either geographically or on the kind of resellers you must work with?	
K. Restrictions on the nature of after-sales services you can/must offer in the US	
L. Are your US competitors receiving government subsidies (including export subsidies)	
M. Are there restrictions limiting the purchases of your product by the federal and/or state governments in the US? (i.e. government procurement restrictions). These would generally involve rules that require government bodies to give priority to buying US-produced goods and services.	
N. Do you have problems protecting your intellectual property in the US?	
O. Do you have problems certifying the origin of your product for customs purposes (i.e. with rules of origin)?	
P. Are there EU or EU Member State rules that apply to the exports of your product and that affect your trade with the US?	

Potential barriers in Services	
Types of government rules and administrative procedures	
A. Restrictions on the movement of people	1. Legal limits on travel by you (if self-employed), your employees or your contractors in the form of quotas (total maximum numbers) of available visas issued by the US government.
	2. Legal limits on travel by you (if self-employed), your employees or your contractors in the form of visa restrictions based on conditions in the US labour market (e.g. you have to prove your firms' skills are not available there.)
	3. The duration of stay in the US by you, (if self-employed) your employees, or your contractors.
	4. Nationality or citizenship is required for a licence to practise some services (e.g. can be the case in some countries for professional services like law, accounting and auditing, construction engineering, and architecture.)
	5. License or authorisation is required to practice some professional services such as an architect or an engineer.
	6. Other restrictions to the movement of people.
B. Discriminatory measures and standards	1. Foreign service companies are treated less favorably than US services companies regarding taxes or eligibility for subsidies.
	2. Restrictions on foreign participation in public procurement by federal and/or US states governments (e.g. discrimination in way financial or technical criteria for project tenders are applied or other restrictions).
	3. Laws and regulations impose national standards that are different from international standards.
	4. Use of foreign/international firm/company names is banned or allowed only alongside a local partner's name (e.g. for law firms; accounts; architects.)
	5. Other specific restrictions.
C. Barriers to competition and public ownership	1. Your firm is not allowed to appeal decisions by regulators or other government authorities while US firms can.
	2. The US government, a state government or other local government controls at least one major firm in your sector.
	3. Government-controlled firms/companies are exempted to any extent from the application of general competition/anti-trust law.
	4. Minimum capital requirements (e.g. minimum fees for professional services.)
	5. Advertising and marketing: only locally-licensed service professionals are allowed to advertise and market legal services.
	6. Wholesale access prices are regulated (e.g. for the telecommunications

	sector.)
	7. Other specific restrictions.
A. Restrictions on foreign ownership of firms/companies and other market entry conditions <i>NB this only affects companies that have investments or plan to invest in the US</i>	1. Foreign equity restrictions: a restriction on the maximum share of a firms/company that can be owned by foreign people or companies.
	2. A restriction on the legal form that your investment in the US can have? (e.g. Does the law ban branches of representative offices? Are sole proprietorship or partnerships banned? Are commercial associations between professional service providers banned? Are only joint-ventures with local partners allowed?)
	3. The number of firms permitted to offer your service is restricted by a quota.
	4. A requirement on the make-up of the board of directors/managers (e.g. the majority of the board of directors must be US citizens and/or residents; the manager must be a US citizen and/or resident.)
	5. Screening of investments (e.g. foreign investors must show net economic benefits before being allowed to invest; an approval to show the investment isn't contrary to national interests is needed; the investment must be notified; etc.)
	6. Restrictions on the types of shares or bonds that can be held by foreign investors.
	7. Conditions on subsequent transfer of capital and investments (e.g. Local content of personnel and/or goods; discriminatory qualification requirements for permits.)
	8. Restrictions on cross-border mergers and acquisitions.
	9. Other restrictions on foreign ownership and other market entry conditions.

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