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How satisfied are small and medium-sized businesses with current free trade policy?

A joint project between the Schöpflin Stiftung and the BVMW (German Association for Small and Medium-Sized Businesses): Results of the quantitative survey of members of the German Association for Small and Medium-sized Businesses on TTIP and free trade
March 10, 2016



Sector	Number
Agriculture, forestry, fisheries	6
Food, beverages, tobacco; textiles, clothing, leather	18
Wood, paper, printing	23
Chemical products and other petroleum products	31
Metal products and metalworking, trade in metal products	44
IT, electronic and optical equipment	38
Electrical equipment	20
Mechanical engineering	34
Cars/car parts; other vehicle manufacture	8
Other manufacturing industries	13
Energy and water	15
Construction industry	39
Trade, commerce	67
Hospitality industry	11
Information and communication	54
Financial and insurance services	37
Real estate and housing	17
Freelance, scientific and technical services	87
Other business services	76
Public services, education, health care	45
Sonstige Dienstleister	106
Other services / no response	11
All sectors	800

800 companies completed the questionnaire.

- The service sector had the highest representation, with industrial companies representing 29% of the participants.

- A higher proportion of larger SMEs by comparison with the overall structure of SMEs in Germany participated in the survey.
- In addition, companies from the industrial sector are over-represented.

Comparison between the structure of the respondents and the overall structure of SMEs in Germany (Source: KfW Mittelstandspanel 2015)

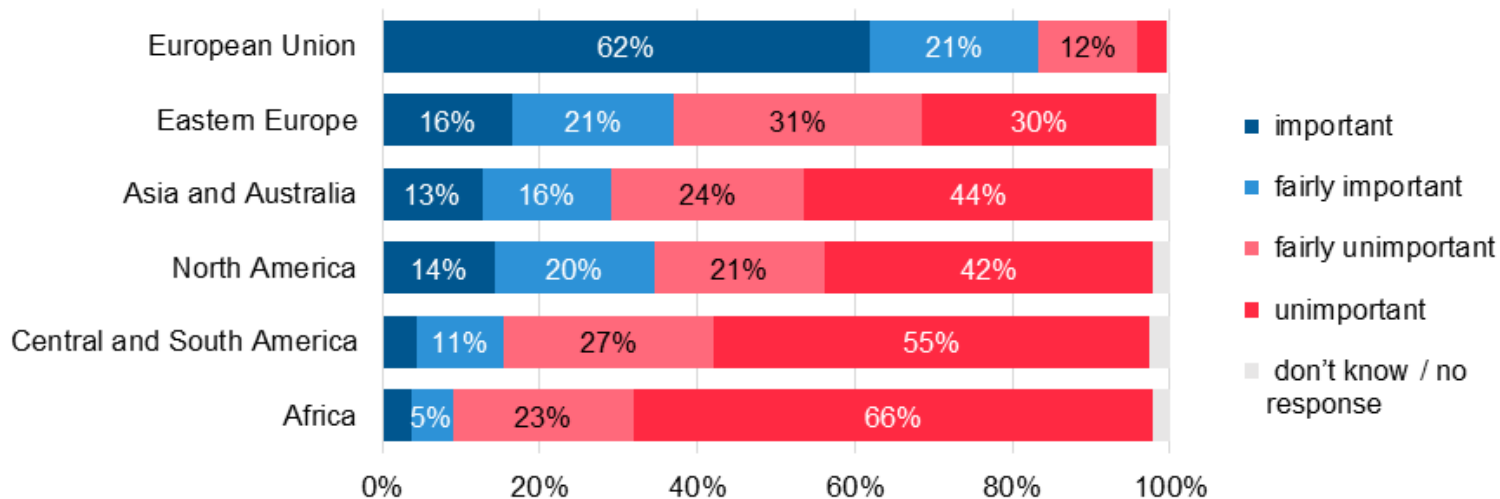
according to sector in %	BVMW survey	KfW Mittelstandspanel 2015
Manufacturing industries	29%	7%
Construction	5%	10%
Services	63%	75%
Other sectors	4%	8%

according to turnover in %	BVMW survey	KfW Mittelstandspanel 2015
up to 10 million euros	82%	98%
between 10 and 50 million euros	10%	2%
over 50 million euros	5%	0%
N/S	3%	

according to number of employees in %	BVMW survey	KfW Mittelstandspanel 2015
up to 10	46%	91%
between 10 and 49	33%	7%
50 and more	21%	2%
N/S	1%	

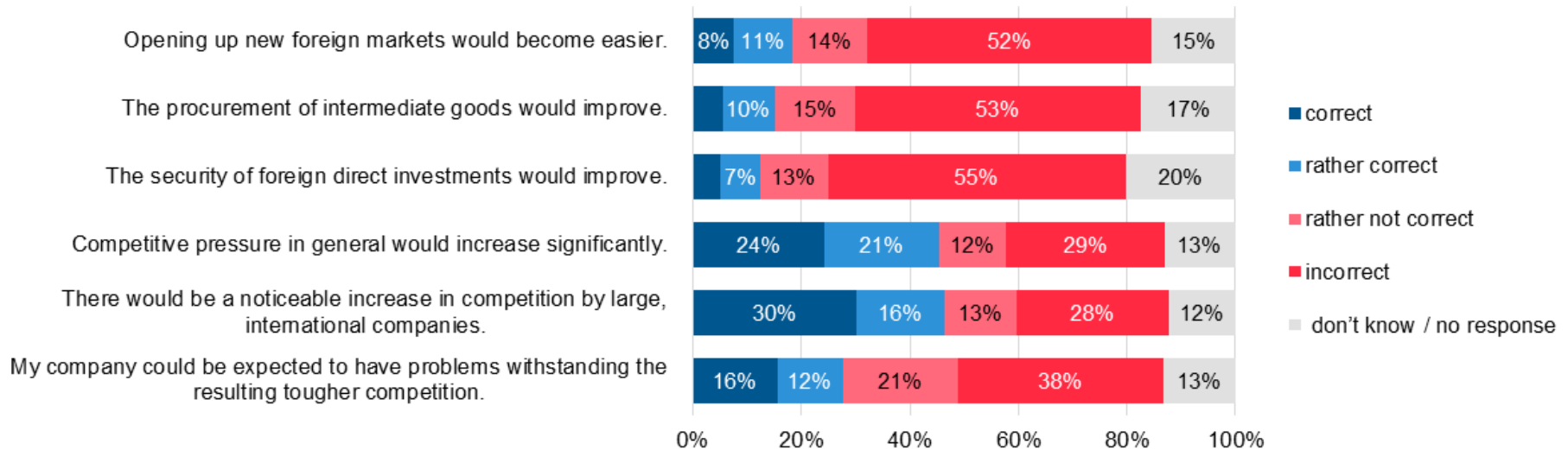
- Almost half of the participating companies export part of their products and services, in the manufacturing sector as many as 80%.
- Europe is by far the most important sales market and will remain so in future.
- One-sixth of those surveyed have made foreign investments, the main focus being in Europe.

Question: If your company produces for export: What importance do the regions named below currently have as markets for your products?



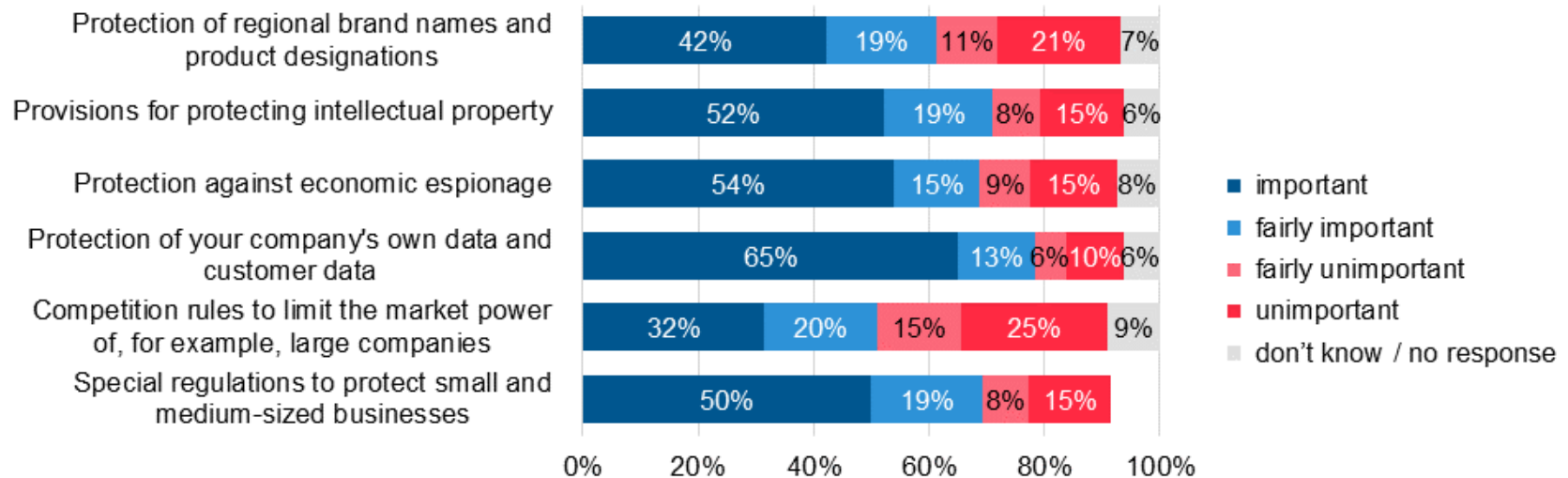
- Participants believe that the risks of pending agreements outweigh the benefits.
 - Relatively few companies expect that the agreements will make it easier to open up new sales markets or lead to improvements in the procurement of intermediate goods or in investment security.
 - Many companies expect a noticeable increase in competitive pressure.

Question: Discussions are currently being conducted over the conclusion of a possible new free trade agreement: In what ways would your company be affected?



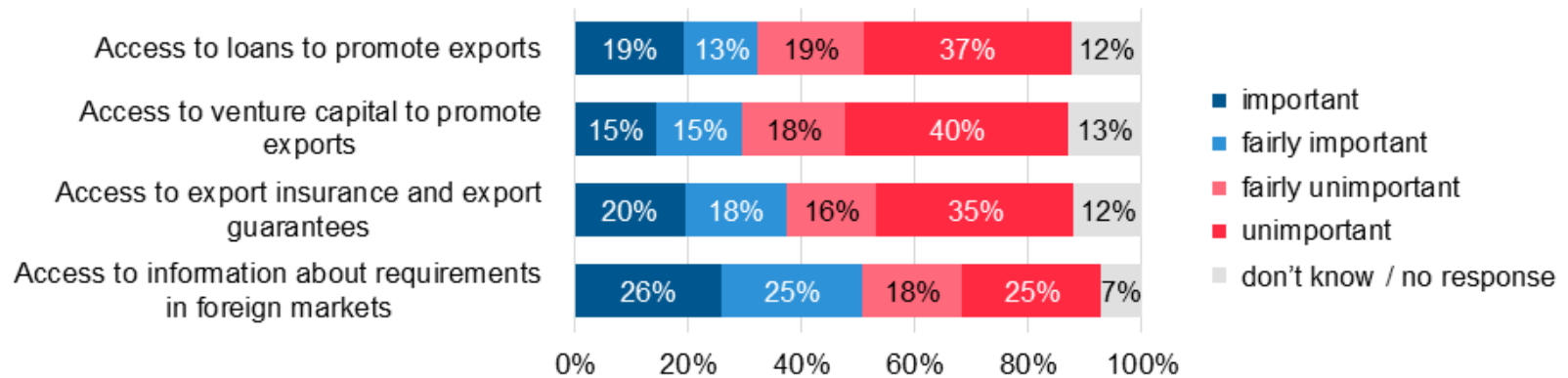
- Respondents expressed a desire for protection, especially in the areas of data and intellectual property, and against economic espionage.

Question: How important are the following aspects from the perspective of your company?

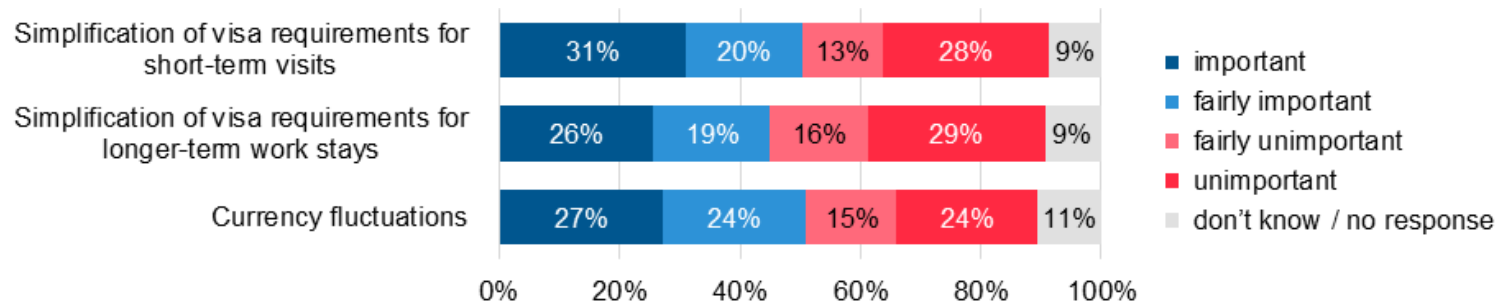


- In the area of export promotion, the respondents are most interested in access to information about requirements in foreign markets.

Question: How important are the following aspects from the perspective of your company?

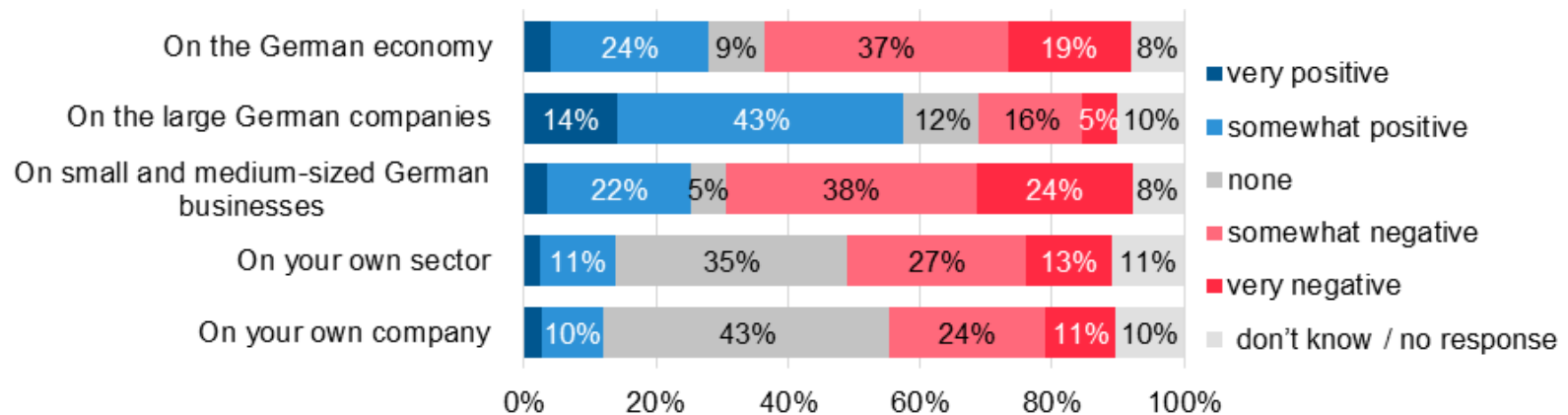


- Simplified visa requirements are a particular concern of export-oriented companies.



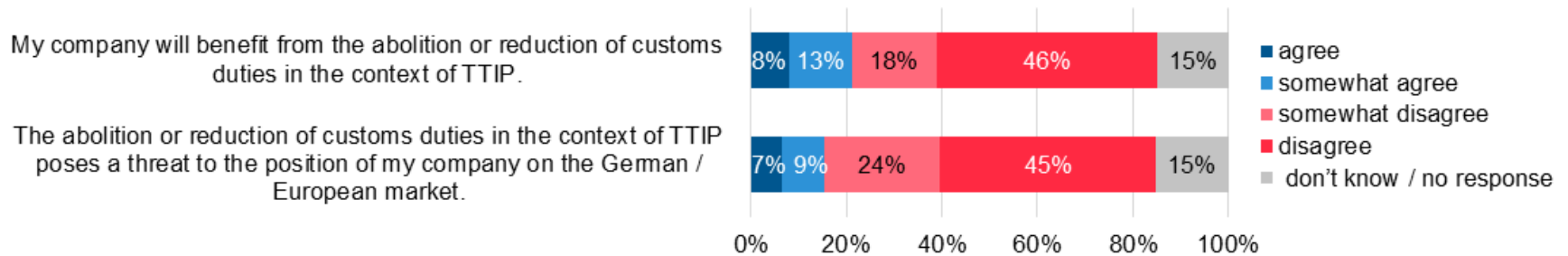
- The participants expect positive effects for large companies, but a majority foresee adverse effects on the overall economy and the small and medium-sized business sector.
- A majority expect TTIP to have no effect, or they think it will tend to have negative effects on their sector or their own companies.

Question: What effects do you expect in general from the possible conclusion of the TTIP agreement between the EU and the United States?

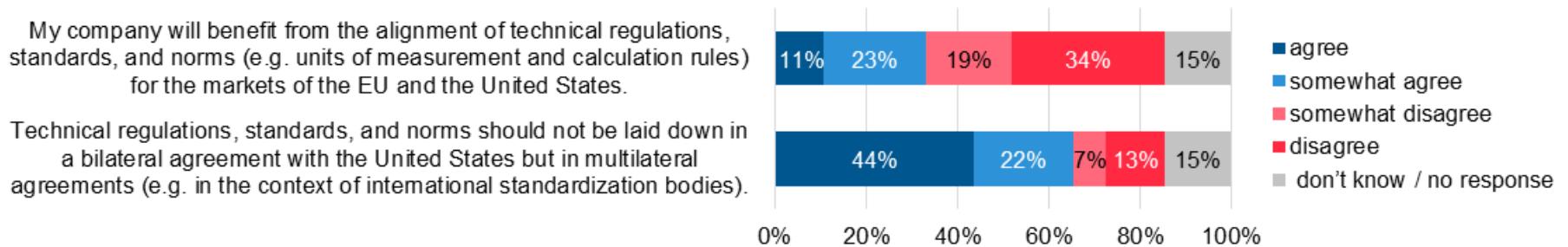


- Relatively few companies would be affected positively or negatively by the abolition or reduction of tariffs.

Question: *Expected impact of selected regulations in the context of a possible TTIP agreement: Do you agree with the following statements?*



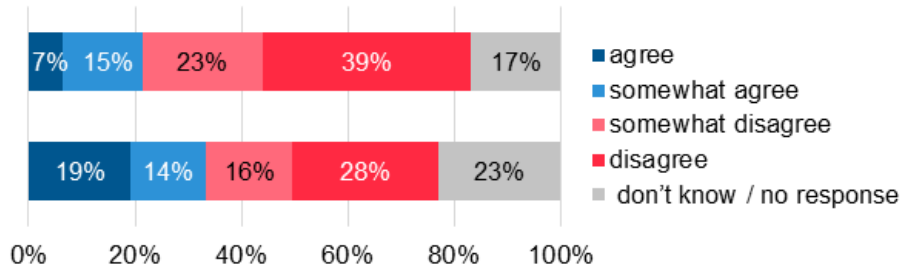
- Multilateral agreements are the preferred context for harmonising standards and norms.



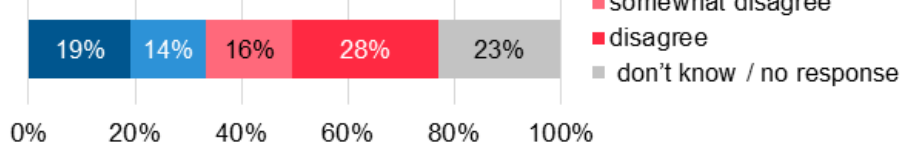
- 20% would benefit from common social and environmental standards, over 60% do not expect to benefit.

Question: Do you agree with the following statements in relation to the expected impact of selected regulations in the context of a possible TTIP agreement?

My company will benefit from the establishment of common social and environmental standards for the markets of the EU and the United States.

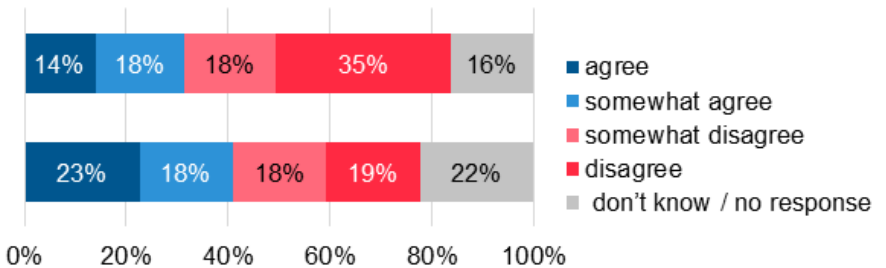


The decision on social and environmental standards at the transatlantic level will reduce my company's opportunities to influence how these standards are defined.

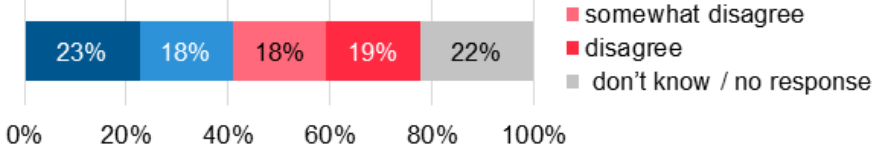


- TTIP – opportunity or threat for globalization?

The planned TTIP represents an important step toward the globalization of the economy, because it lays down standards that other countries will adopt.

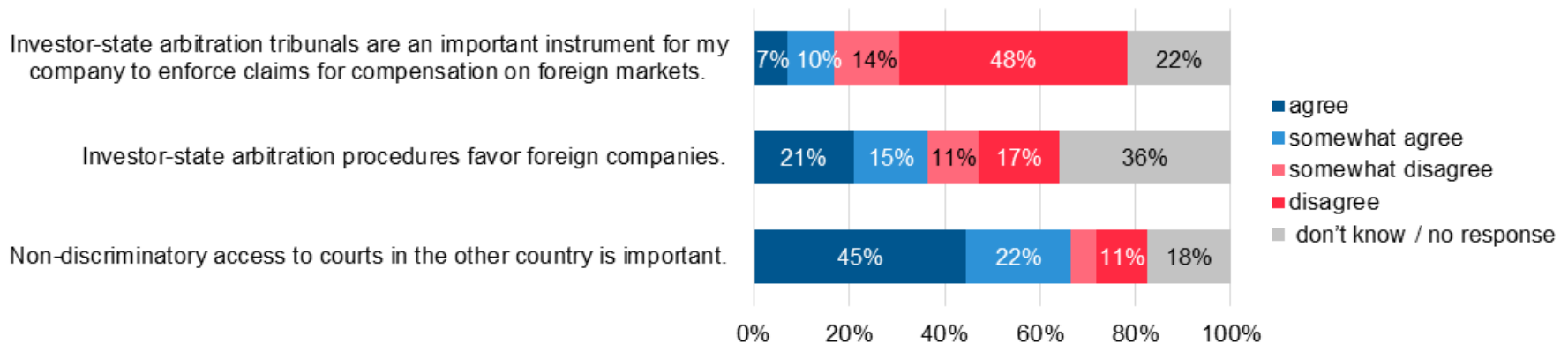


The planned TTIP poses a threat to globalization, because it would lead to the formation of new economic blocs (e.g. USA/EU vs. China and other emerging economies).



- Widespread scepticism concerning investor-state arbitration tribunals.
 - Only a few respondents consider ISDS tribunals to be an important instrument in foreign trade.
 - One-third fear disadvantages vis-à-vis foreign competitors.
 - A large majority calls for non-discriminatory access to ordinary courts in foreign countries.

Question: *Expected impact of selected regulations in the context of a possible TTIP agreement: Do you agree with the following statements?*



- Many participants complain about what they perceive to be an insufficient range of available information
- There are calls for more information to be provided primarily by the national government and politicians but also by business associations

Question: From which sources would your company welcome better information on the topic of TTIP?

