

Will Europe's Free Trade Deals with Canada and the USA benefit European businesses?
Europe's SMEs are not convinced.

Press Release

Brussels 7th February 2017

A new survey shows that Europe's Small and Medium-Sized Enterprises (SMEs) are lukewarm about just how beneficial for them the current proposed free-trade deals with Canada and the United States can be – a significant fact given the economic importance of SMEs.¹

With the new administration in the United States already having withdrawn from the Trans-Pacific Partnership trade deal, the future of the EU-US trade deal (known as TTIP) now looks doubtful. The EU's trade deal with Canada (known as CETA) on the other hand is undergoing ratification despite considerable opposition. A multi-national survey just published by the **Fair Economy Alliance**¹ (in collaboration with the **Schöpflin Foundation**¹) spoke to nearly 2000 SMEs across five EU countries (France, Belgium, The Netherlands, Lithuania and Slovenia) to find out their views on these trade deals and to inform and mobilise them while the political process is still open.

Four aspects most concern most of the SMEs (majority views across countries): (a) the expectation that larger companies will be the greatest beneficiaries from CETA/TTIP and that smaller companies will be disadvantaged, (b) that technical regulations, standards and norms should not be laid down in bilateral agreements, (c) the expectation that the effects of investor-state arbitration (ISDS/ICS) will undermine the rights of their companies (d) that ISDS/ICS will favour foreign companies and limit what their national governments can do. These findings chime with the most prominent criticism of the trade deals.

Beyond these shared viewpoints, there is considerable variation in the attitudes of SMEs across countries sampled. Nearly half of Belgian SMEs say they're expecting the impact on them to be negative. French companies are particularly concerned about increased competition from across the Atlantic, if the deals go ahead. Only just over a third of Dutch SMEs expect a beneficial effect on their business. While export-oriented SMEs in Lithuania are broadly hoping the US deal and the EU-Canada deal (known as CETA) will be of benefit to them, similar companies in Slovenia are concerned these deals will make it more difficult for them to enter markets in North America.

There's also concern – particularly in Slovenia – that the interests of SMEs are not being fully represented at the negotiating table. And many of the companies surveyed feel they do not have enough information about the proposed deals.

Sabine Frank from the Schöpflin Foundation says: "It's no surprise that there's so much uncertainty. There's been no assessment of the impact of CETA on SMEs". She adds: "the Commission has failed to publish its economic assessment of the deal, which it was supposed to do before even starting ratification."

¹ "In 2015, just under 23 million SMEs generated €3.9 trillion in value added and employed 90 million people. They accounted in 2015 for two thirds of EU28 employment and slightly less than three fifths of EU28 value added in the non-financial business sector." https://ec.europa.eu/jrc/sites/jrcsh/files/annual_report_-_eu_smes_2015-16.pdf

Yet SMEs do have expectations of what such trade deals should ideally deliver. Many of the SMEs surveyed believe any deals struck should make data protection a key priority (82% in The Netherlands; 74% in Slovenia). Others see issues such as intellectual property rights, access to information and technical alignment as similarly important (73% of Lithuanian SMEs questioned).

A previous survey carried out in Germany last year by *Prognos AG* also looked at SMEs' opinions on the proposed EU-US trade deal (TTIP). Fewer than a quarter of respondents thought the impact of the deal would benefit the economy in general or their own businesses. Most German SMEs felt TTIP would only serve the interests of large corporations. There were similar negative responses from UK SMEs to a 2016 *YouGov* survey on the impact of TTIP on small businesses.

Miguel Galdiz, Research and Advocacy Officer for the Fair Economy Alliance, says: "EU Trade Commissioner Malmström has recently called for a thorough re-working of the EU's trade policy, yet CETA with all its flaws is heading for ratification, spurred on by the desire to highlight the values shared between the EU and the current Canadian government as opposed to the differences emerging between the EU and the US under President Trump. Politics should not be allowed to dictate that we rush CETA through at the expense of Europe's small businesses".

- - - ENDS - - -

About Us

The ¹**Fair Economy Alliance** is a European network of initiatives by small and medium-sized enterprises (SMEs) concerned about fairness and sustainability in international trade. It is supported by the ¹**Schöpflin Foundation** (*Schöpflin Stiftung*) whose mission is to build a better future for the younger and future generations.

Survey Methodology

The survey was conducted by Motivaction International B.V., member of ESOMAR, between 24th October and 6th November 2016 (recruitment of respondents from panels).

Moreover, SME associations across the participating countries cooperated in the survey by encouraging their members to take part (into Dec 2016), and the Fair Economy Alliance's thanks go to them. These included:

- France: Centre des jeunes dirigeants d'entreprise (CJD), oldest independent employers movement in France
- Belgium: UCM (Union des classes moyennes), main employers' organisation in francophone Belgium
- The Netherlands: MKB Nederland (Midden- en Kleinbedrijf), largest entrepreneurs' organisation in the Netherlands
- Slovenia: OPZS (Obrtno-podjetniška zbornica Slovenije), Chamber of craft and small business of Slovenia
- Lithuania: National Council of Small and Medium Business of Lithuania (*Lietuvos smulkiojo ir vidutinio verslo taryba*), public consultative/advisory institution consisting of representatives of associations whose members are business entities

The conclusions reached in this press release do not reflect the position of these associations.

More Information

The Motivaction survey reports are posted here: <http://faireconomyalliance.eu/will-europes-free-trade-deals-with-canada-and-the-usa-benefit>

The previous Prognos survey report is posted here: <http://faireconomyalliance.eu/how-satisfied-are-smes-with-current-free-trade-policy/>

The previous YouGov survey report is posted here: <http://faireconomyalliance.eu/uk-yougov-survey-highlights-sme-concerns-about-free-trade-agreements/>

For additional information please contact:

Fair Economy Alliance

Miguel Galdiz

miguel.galdiz@schoepflin-stiftung.de

+32 486 887 997

For the survey in France and Belgium:

Programme pour la responsabilité dans les accords de commerce

Institut Veblen

Mathilde Dupré

dupre@veblen-institute.org

+33 6 77 70 49 55

For the survey in The Netherlands:

Ondernemers van Nu

Marieke van Doorn

info@ondernemersvanu.eu

+31 6 14 04 12 04

For the survey in Lithuania:

Citizens and businesses against CETA and TTIP

Karolis Klimka

kklimka@yahoo.com

+370 (625) 20 901

For the survey in Slovenia:

Umanotera

Andrej Gnezda

andrej@umanotera.org

+ 386 41 242 709