

motivaction

research and strategy

Is the current free-trade policy an
opportunity or threat to SMEs in
Belgium?



schöpflin stiftung :





Background and objective

Page 3



Management summary

Page 4



Method and set-up

Page 9



Results

Page 11



Appendix

Page 36

As commissioned by the Schöpflin Stiftung, Motivaction International B.V. has surveyed SMEs on the impact of the forthcoming EU trade agreements on SMEs in France, Belgium, the Netherlands, Lithuania and Slovenia.

The Schöpflin Stiftung is an independent, non-profit foundation, established under German civil law. It is committed to building a better future for the younger and future generations in the areas of education, prevention of drug addiction, and fostering civil society. It develops its own projects in the region of Lörrach and also supports organizations in several European countries as an active grant-making foundation.

As part of its “Fair and Sustainable Economy” programme, the Schöpflin Stiftung supports the Fair Economy Alliance, a European network of SME initiatives concerned about fairness and sustainability in international trade. The Stiftung and the Fair Economy Alliance closely monitor the negotiations of trade agreements between Europe and the USA known as the Transatlantic Trade and Investment Partnership (TTIP) and between Europe and Canada known as the Comprehensive Economic and Trade Agreement (CETA). In principle they are in favour of free trade; the regulations that could emerge from TTIP and CETA might however primarily benefit large multinationals and neither small and medium-sized enterprises (SMEs), nor the environment, nor the consumer.

In 2015, a survey was conducted in Germany amongst German SMEs reviewing the opportunities and the risks that TTIP might mean for SMEs in Germany. A further similar survey of British SMEs followed early in 2016. In order to gain a broader view of the opinion and attitude of SMEs across Europe, this research has been repeated, this time in France, Belgium, the Netherlands, Lithuania and Slovenia.



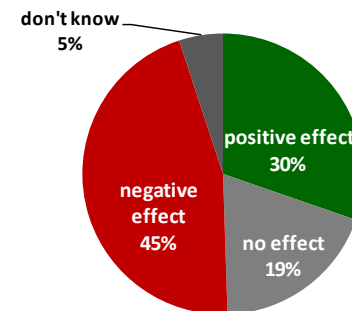
Belgian SMEs surveyed are critical towards the possible effects of TTIP and CETA.

- 45% expect that TTIP will have a negative effect on Belgian SMEs. Almost one-third of the SMEs surveyed expect a positive effect on SMEs (30%). The SMEs are slightly more positive about the possible effects of CETA: 36% expect the effect of CETA on SMEs to be positive, 39% expect a negative effect.
- 43% think the abolition or reduction of customs duties in the context of TTIP and/or CETA will pose a threat and 55% think investor-state arbitration procedures will favour foreign companies and might limit the government. In addition, a large majority think that technical regulations, standards and norms should not be laid down in a bilateral agreement (57%).

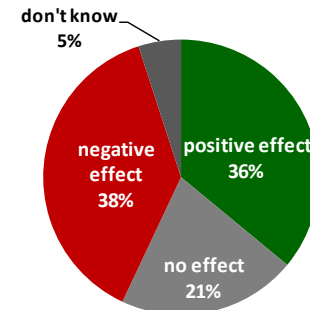
Despite a sceptical attitude, positive effects are also recognized.

- 43% expect their company to benefit from the reduction of custom duties, 48% expect that the regulatory bodies will help improve the quality of standards and 43% see investor-state tribunals as important instruments for their company.
- Belgian SMEs surveyed expect that TTIP and CETA will mostly have a positive impact on large Belgian companies (respectively 47% and 53%).

Expected effect of TTIP on SMEs



Expected effect of CETA on SMEs

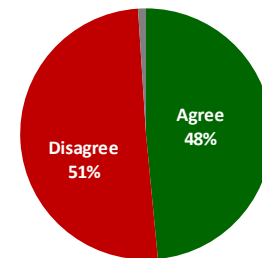


The most expected effect is a noticeable increase in competitive pressure in general due to TTIP and CETA.

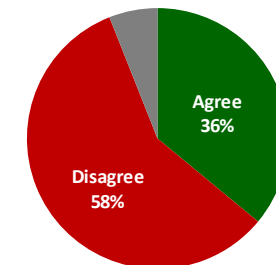
- This effect is expected by 48% of the SMEs surveyed, 50% does not expect this effect. The same dividedness can be seen in the expectation that large, international companies will increase the competition: 47% expects this to happen and 49% does not.
- 38% of the Belgian SMEs surveyed expect their own company to have trouble withstanding tougher competition. A majority of 58%, however, is not worried about this effect. Also, 36% expects their company to become increasingly dependent on a specific client, production chain or market due to TTIP or CETA. In comparison: 58% does not expect this to happen.

Strong division among Belgian SMEs surveyed in whether they feel sufficiently considered in the negotiation of TTIP and CETA.

- 45% feel the interests of Belgian SMEs are sufficiently considered, 48% do not.
- The same division can be seen in how informed the Belgian SMEs feel about TTIP and CETA. 50% of the SMEs surveyed do not feel well informed about TTIP, 45% does feel well informed. In the case of CETA, 47% of the SMEs feels informed, 47% does not.
- Belgian SMEs surveyed would prefer to be informed about TTIP and CETA by the Belgian government (44%), business associations (29%) or European institutions (28%). 15% does not want to be informed at all.



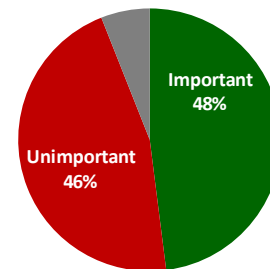
Competitive pressure in general would noticeably increase



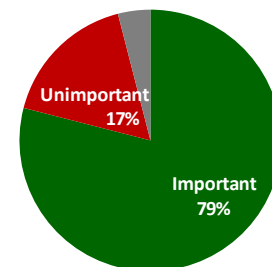
My company would become increasingly dependent on a specific client, production chain or market

Belgian SMEs show more support to the protection of data and the protection of Belgian products, brands and intellectual property than to the elimination of tariffs and quantitative restrictions and non-discriminatory access to public courts in foreign markets.

- Belgian SMEs show a clear division in whether aspects of free trade are important to their company. For instance, about half of the companies surveyed find access to public procurement contracts in foreign markets fairly to very important for their company (48%), 46% think this is not very or not at all important. The same division can be seen on the importance of improvement in custom procedures. 52% underlines this importance, but 43% does not think this is important.
- A majority of Belgian SMEs underlines the importance of the protection of the companies own and customer data (79%), the protection of intellectual property (67%) and the protection of regional brand names and product designations (59%) for their own company.
- Also aspects that foster access and standardization are seen as important for their companies. 60% indicates that alignment of technical regulations, standards and norms are important, 59% thinks access to information about requirements and conditions in foreign markets is important and 52% thinks the improvement in custom procedures is important.
- Competition rules to limit the market power of individual companies is not important for the majority of Belgian SMEs surveyed (55%), 40% finds this important for their company.



Access to public procurement contracts in foreign markets



Protection of the company's own data and customer data



Import:

- Almost one-third of the Belgian SMEs surveyed have import related costs (30%). Due to an oversampling of medium-sized companies, this average is likely to exceed the actual number of importing SMEs*.
- On average the import costs of the SMEs surveyed comprise of 32% of total company costs.
- For almost half of these companies import related costs make up more than 40% of all costs (45%).
- More than one tenth of the SMEs do not import currently but plan to import goods and/or services in the future (12%).
- For Belgian SMEs that import, EU Member States and EFTA are currently the most important suppliers (64%). The United States is currently an important supplier to 41% of the SMEs. Canada is to 35% of the Belgian SMEs.

*Source: <http://ec.europa.eu/DocsRoom/documents/20302>



Export:

- Almost one-third of the Belgian SMEs surveyed generate revenue from export (30%). Due to an oversampling of medium-sized companies, this average is likely to exceed the actual number of exporting SMEs*.
- On average, 37% of the total revenue of the SMEs surveyed comes from export.
- 15% of the SMEs generated more than 40% of their revenue out of export.
- More than one tenth (12%) of the SMEs do not generate revenue from export currently but plan to do so in the future.
- Exporting Belgian SMEs indicate EU Member States and EFTA countries as the most important regions for their products and services (77%). The United States are an important export region to 55% of the SMEs, Canada is to 49%**.

(**results based on n<70)

SMEs surveyed in Flanders have a more positive attitude concerning the effects of the trade agreements than SMEs in Wallonia.

- SMEs in **Flanders** relatively often believe that CETA will have a fairly to very positive effect on small and medium-sized companies (43% vs. 29% of Wallonian SMEs). Compared to SMEs in Wallonia, SMEs in **Flanders** relatively often feel that the alignment of technical regulations, standards and norms is important to their company (67% vs. 52%). They relatively often believe that due to the trade-agreements, they might benefit from the alignment of technical regulations, standards and norms (53%) and are more convinced that regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (59%).
- In addition to these perceived positive effects, SMEs surveyed in **Flanders** also relatively often feel that the interest of Belgian SMEs are sufficiently considered when international trade deals are negotiated upon (50% vs. 39% of Wallonian SMEs).
- The **Wallonian SMEs surveyed** relatively often foresee an increase in competitive pressure (56% vs. 41%) and difficulty in withstanding the tougher competition (45% vs. 32%) due to the possible trade agreements.





Online survey

The main fieldwork was conducted in the period October 24th to November 6th 2016 (panel respondents).

Participation via a generic link was possible into December 2016.

Total number of respondents = 233 ->



Flanders = 123



Wallonia = 110

Company size



One-person
companies

9%



1-9
employees

25%



10-49
employees

31%



50-250
employees

35%

Annual turnover



Less than
2 million

50%



Between
2 and 50
million

45%



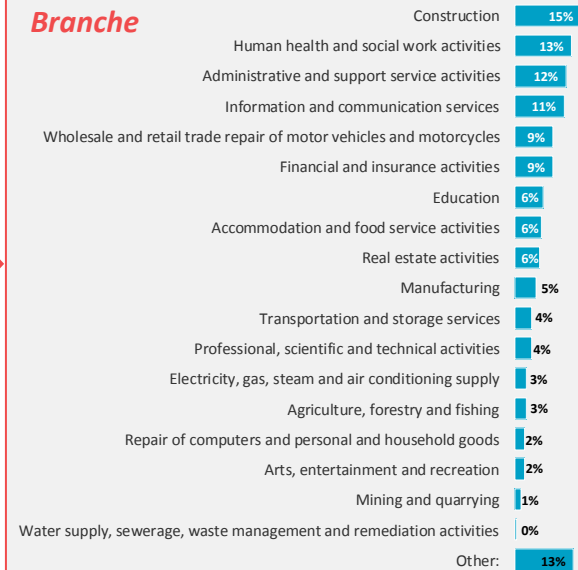
More than
50 million*

5%

* The definition of SMEs established by the European Commission is 'enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million'. This study limits the definition to 'organisations with up to 250 employees'. Therefore, as shown on this slide, a small number of companies surveyed do have an annual turnover that exceeds 50 million. This will be further explained in the appendix.

** Due to rounding, the percentages do not always add up to 100%

Branche



Company size vs. Annual turnover	One sized SMEs	1 to 9	10 to 49	50 to 250	All
Less than €2 million	90%	78%	42%	27%	50%
Between €2 and €50 million	5%	20%	56%	63%	45%
More than €50 million	5%	2%	3%	10%	5%
Total	No.= 21	No.= 59	No.= 72	No.= 81	No.= 233

Does this study represent the total SME population in Belgium?

The tables in this slide show that the SMEs surveyed do not match the SME population concerning class size. In the survey sample the number of micro, small and medium-sized enterprises are practically even divided. Therefore the number of micro enterprises in our sample is underrepresented and the numbers of small and medium-sized enterprises overrepresented. This over representation of medium enterprises and SMEs with international profile in the sample, might generate a small pro trade bias in the results. However, because of the evenly division of the class size in our sample, we are able to explore the results within these different class sizes in this report.

When looking at the sector distribution, the comparison is an indication of the SMEs representation. In the survey sample SMEs could check multiple sectors. Also the numbers of the insurance, health, education and arts are not available in our information source.

Class size	Number of SMEs in Belgium			Survey Sample	
	Belgium		EU28	Survey	
	Number	Share	Share	Number	Share
Micro (0-9 employees)	543 611	94 %	93 %	80	34 %
Small (10-49 employees)	28 034	5 %	6 %	72	31 %
Medium-sized (50-250 employees)	4 293	1 %	1 %	81	35 %
Total	575 938	100 %	100 %	233	100 %

Sector	Number of SMEs by sectors, 2015 estimates		Survey Sample	
	Number	Share	Number	Share
Mining & quarrying	197	0,03%	3	1%
Manufacturing	35 487	6%	11	5%
Electricity, gas	573	0,1%	6	3%
Water supply, sewerage, waste management	1 186	0,2%	1	0,4%
Construction	101 697	18%	35	15%
Distributive trades	133 252	23%	20	9%
Transportation & storage	18 267	3%	9	4%
Accommodation & food services	49 123	9%	14	6%
Information & communication	29 441	5%	26	11%
Real estate	35 259	6%	13	6%
Professional, scientific & technical activities	129 311	22%	9	4%
Administrative & support services	42 145	7%	27	12%
Other (Repair, agriculture, insurance, health, education, arts)	n.k	n.k.	103	44%
Total	575 938	100%	233	100%

Source: <http://ec.europa.eu/DocsRoom/documents/20302>

GREEN = overrepresented
ORANGE = underrepresented

1. Company aspects

Page 11

2. International trade

Page 16

3. Knowledge about trade agreements

Page 23

4. Potential impact of trade agreements

Page 27

Appendix

- Knowledge about TiSA

More than half of the Belgian companies surveyed find *improvement in customs procedures, elimination of tariffs and quantitative restrictions and alignment of technical regulations, standards and norms* fairly to very important.



Both exporting and importing SMEs relatively often feel these aspects are important to their company:



- The improvement in customs procedures (resp. 72% and 73%, opposed to 38% non-exporting and 34% non-importing SMEs).
- The elimination of tariffs and quantitative restrictions (resp. 78% and 75%, opposed to 42% non-exporting and 39% non-importing SMEs).
- The alignment of technical regulations, standards and norms (resp. 74% and 71%, opposed to 51% non-exporting and 50% non-importing SMEs).

One-person companies find the improvement of customs procedures more often not at all important (48%).

Both improvement in customs procedures and elimination of tariffs and quantitative restrictions are more important for SMEs with an **annual turnover** of more than 2 million.

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

Improvement in customs procedures (e.g. border crossing documents, certification, licensing procedures)



Elimination of tariffs and quantitative restrictions (e.g. quotas, licenses)



Alignment of technical regulations, standards, and norms (e.g. units of measurement, calculation methods)



■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know

Companies in **Flanders** find alignment of technical regulations, standards and norms more important than companies in Wallonia (67% vs. 52%).



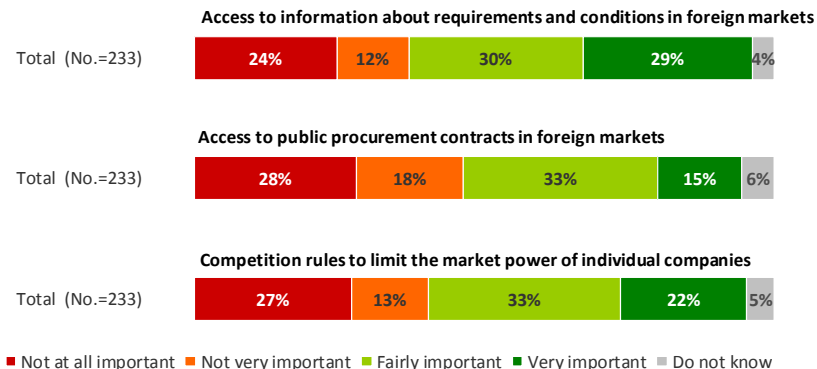
*Also the **access to information about requirements and conditions in foreign markets, access to public procurement contracts in foreign markets and competition rules to limit the market power of individual companies** are fairly to very important to around half of the companies in Belgium.*



Both exporting and importing SMEs relatively often feel these aspects are important to their company:

- The access to information about requirements and conditions in foreign markets (resp. 81% and 79%, opposed to 45% non-exporting and 41% non-importing SMEs).
- Access to public procurement contracts in foreign markets (resp. 68% and 66%, opposed to 36% non-exporting and 31% non-importing SMEs).
- Competition rules to limit the market power of individual companies (resp. 67% and 65%, opposed to 45% non-exporting and 44% non-importing SMEs).

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



Access to public procurement contracts in foreign markets are less important to **micro companies** (up to 10 employees) (34%).

Access to public procurement contracts in foreign markets is more important to companies with an **annual turnover** between 2 and 50 million euro (57%).

The protection of the companies own data and customer data is most important for most Belgian companies (80%). The protection of intellectual property and regional brand names and product designations are important to more than half of the companies surveyed.

The protection of regional brand names and product designations (65%) are relatively important to companies with an **annual turnover** between 2 and 50 million euros.



Both exporting and importing SMEs relatively often feel these aspects are important to their company:

- The protection of regional brand names and product designations (resp. 74% and 77%, opposed to 49% non-exporting and 47% non-importing SMEs).
- The protection of the companies own data and customer data (resp. 90% and 90%, opposed to 74% non-exporting and 74% non-importing SMEs).

Exporting SMEs relatively often feel the protection of intellectual property is important to their company (77%, opposed to 61% non-exporting SMEs).

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



Around half of the companies surveyed find investor-state arbitration tribunals not very or not at all important. Non-discriminatory access to public courts in foreign markets is important to more than half of the companies in Belgium.



Exporting SMEs relatively often feel these aspects are important to their company:

- The investor-state arbitration tribunals for enforcing claims to compensation of foreign companies and national companies abroad (55%, opposed to 34% non-exporting SMEs).
- Non-discriminatory access to public courts in foreign markets (68%, opposed to 46% non-exporting SMEs).

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

Investor-state arbitration tribunals for enforcing claims for compensation of foreign companies and national companies abroad

Total (No.=233)



Non-discriminatory access to public courts in foreign markets

Total (No.=233)




■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know

Investor-state arbitration tribunals are more often important to large companies (50-250 employees) than for companies with 0 to 49 employees (52% vs. 38%).

Respondents with a position on top level find investor-state arbitration tribunals more often not important at all in comparison to respondent in other positions (41% vs. 31%).

Companies with an annual turnover of less than 2 million euro find both investor-state arbitration tribunals and non-discriminatory access to public courts less important than other companies: 41% of the SMEs with an annual turnover less than 2 million, feel investor-state arbitration tribunals for enforcing claims is not at all important to their company and 37% feel access to public courts is not at all important, opposed to 22% and 19% to SMEs with an annual turnover between 2 and 50 million.

- 
- | | |
|---|---------|
| 1. Company aspects | Page 11 |
| 2. International trade | Page 16 |
| 3. Knowledge about trade agreements | Page 23 |
| 4. Potential impact of trade agreements | Page 27 |

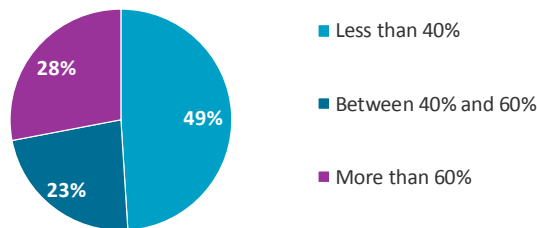
Appendix
- Knowledge about TiSA

Exports represent 40% of the total revenue*

Earlier in this report (slide 9) we explained that the survey sample contains an overrepresentation of small and medium-sized companies. This overrepresentation also translates into a relatively large amount of exporting SMEs in the survey sample:

- Of all the companies surveyed, 30% generate revenue from exports (No.=69). For 49% of this subgroup, this revenue represents less than 40% of their total revenue.
- For more than a quarter (28%), the exports represent more than 60% of the total revenue.
- On average, exports represent 40% of the total revenue of companies.
- 59% of the companies surveyed do not generate revenue from exports, and are also not planning to do so.
- 12% does not generate revenue from exports currently, but is planning to do so in the future (not presented here).

What share of the total revenue of your company (goods and services) do exports represent?
Asked to SMEs who generate revenue from export (No.=69)



** among companies that indicate that they generate revenue from exports.*

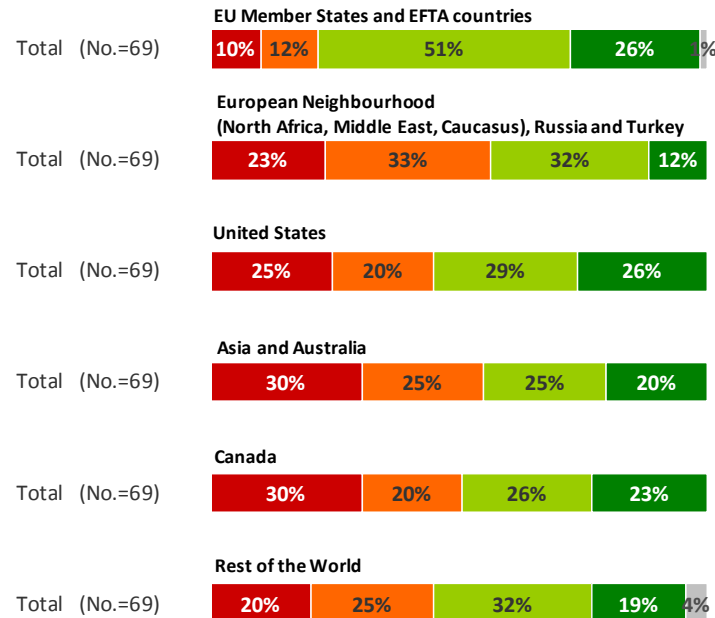
** Based on No.<70.*

EU member states and EFTA countries and United States are currently the most important regions for Belgian products and services. European Neighbourhood currently least important.

To smaller companies a number of foreign regions are relatively often **not at all** important as a selling market:

- European Neighbourhood: 38% not at all important to micro and small companies, opposed to 3% for exporting medium-sized companies
- Asia and Australia: 44% not at all important to micro and small companies, opposed to 13% for exporting medium-sized companies
- Canada: 46% not at all important to micro and small companies, opposed to 10% for exporting medium-sized companies
- 'Rest of the world': 31% not at all important to micro and small companies, opposed to 7% for exporting medium-sized companies

What importance do the following regions currently have as markets for your products and/or services? Asked to SMEs who generate revenue from export



■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know

Three out of four Belgian companies surveyed expect EU member states and EFTA countries to be important regions for their products and services.*

What importance do you expect the following regions to have as locations for your products and/or services?

Asked to SMEs who do not generate revenue from export, but are planning to

EU Member States and EFTA countries

Total (No.=27)



European Neighbourhood, Russia and Turkey

Total (No.=27)



United States

Total (No.=27)



Asia and Australia

Total (No.=27)



Canada

Total (No.=27)



Rest of the World

Total (No.=27)



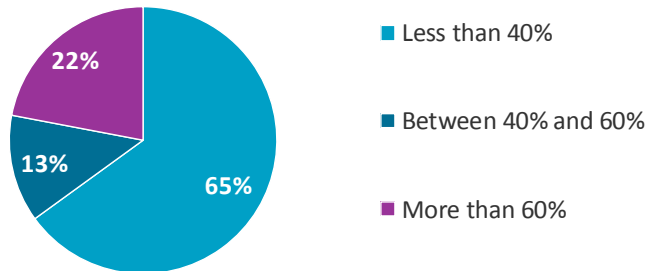
■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know

** NB. The sample group size (No.) is too small to make reliable statements*

32% of the SMEs surveyed have costs from imports

- 30% of the SMEs surveyed indicate that they have costs from imports (No.=77).
- On average, these costs represent 32% of the total company costs.
- For a large majority of the companies that import goods and/or services, import costs represent less than 40% of the total costs (65%).
- For 13%, between 40% and 60% of the costs are related to imports, and for another 22%, import costs represent more than 60%.
- 59% of all Belgian SMEs do not have costs from imports, and are also not planning to have these costs.
- 12% of the companies are currently not importing goods and/or services, but are intending to do so in the future (not presented here).

What share do imports represent in the total costs of your company (goods and services)?
Asked to SMEs who have costs from import (No.=77)



EU member states and EFTA countries and European Neighbourhood are currently the most important suppliers of products and services for Belgian SMEs surveyed.

What importance do the regions named below currently have as suppliers for your products and/or services? Asked to SMEs who have costs from import

EU Member States and EFTA countries

Total (No.=77)



European Neighbourhood (North Africa, Middle East, Caucasus), Russia and Turkey

Total (No.=77)



United States

Total (No.=77)



Asia and Australia

Total (No.=77)



Canada

Total (No.=77)



Rest of the World

Total (No.=77)



■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know

Companies that expect to make use of suppliers outside of Europe deem all regions to be important.*

What importance do you expect the regions named below to have as suppliers for your products and/or services?

Asked to SMEs who do not have costs from import, but are planning to

EU Member States and EFTA countries

Total (No.=29)

7%	17%	59%	14%	3%
----	-----	-----	-----	----

European Neighbourhood, Russia and Turkey

Total (No.=29)

14%	28%	52%	7%
-----	-----	-----	----

United States

Total (No.=29)

14%	10%	45%	28%	3%
-----	-----	-----	-----	----

Asia and Australia

Total (No.=29)

14%	10%	38%	38%
-----	-----	-----	-----

Canada

Total (No.=29)

17%	17%	45%	14%	7%
-----	-----	-----	-----	----

Rest of the World

Total (No.=29)

10%	10%	45%	28%	7%
-----	-----	-----	-----	----

■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know

NB. The sample group size (No.) is too small to make reliable statements



- 
- | | |
|--|----------------|
| 1. Company aspects | Page 11 |
| 2. International trade | Page 16 |
| 3. Knowledge about trade agreements | Page 23 |
| 4. Potential impact of trade agreements | Page 27 |

Appendix - Knowledge about TiSA

Almost half of the Belgian SMEs surveyed feel fairly to very informed about TTIP (45%).

In general, how informed do you feel you are/ your company is about the EU-United States Transatlantic Trade and Investment Partnership (TTIP)

Total (No.=233)



■ Not at all informed ■ Not very informed ■ Fairly informed ■ Very informed ■ Do not know

Respondents with a position on middle-level feel more informed than respondents with a position on other levels.

Companies with an annual turnover of less than 2 million feel less informed about TTIP than other companies.



Both exporting and importing SMEs relatively often feel fairly to very informed about TTIP (resp. 64% and 61%, opposed to 34% non-exporting and 32% non-importing SMEs).

Almost half of the Belgian SMEs feel fairly to very informed about CETA (47%).

In general, how informed do you feel you are/ your company is about the EU-Canada Comprehensive Economic and Trade Agreement (CETA)

Total (No.=233)



■ Not at all informed ■ Not very informed ■ Fairly informed ■ Very informed ■ Do not know

Respondents with a position on **middle-level** feel better informed about CETA than respondents with positions on other levels: 60% of the middle-level managers surveyed feel fairly to very informed.

Companies with an **annual turnover** of less than 2 million euro more often feel less informed (36%) than companies with a higher turnover (57%).



Both exporting and importing SMEs relatively often feel fairly to very informed about CETA (resp. 64% and 60%, opposed to 40% non-exporting and 39% non-importing SMEs).

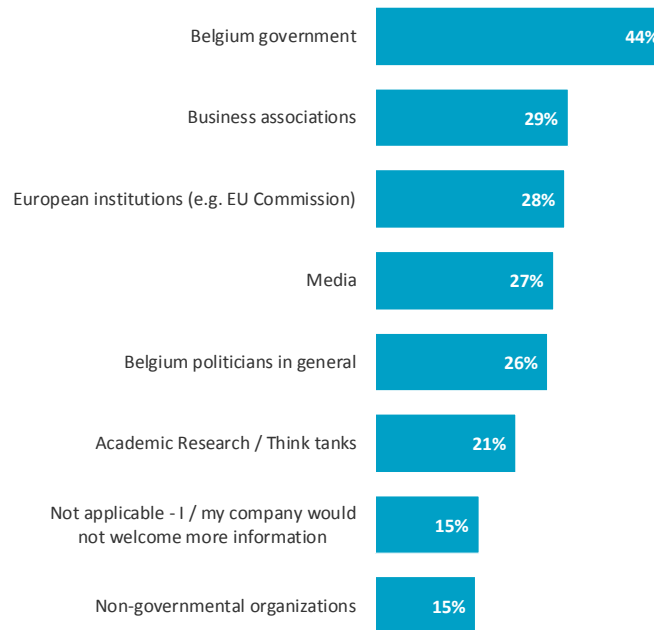
Government is most preferred party to get information from among Belgian SMEs.

Medium-sized companies relatively often prefer the government as informer than companies with less than 50 employees (57% vs. 37%).

Companies with an **annual turnover** of less than 2 million euro more often would not welcome more information (23%).

Companies in **Flanders** **less often** prefer European Institutions (21%), media (19%), politicians (19%), academic research (15%) and non-governmental organizations (8%) as valuable sources of information than companies in Wallonia (resp. 36%, 35%, 34%, 27% and 23%).

From which sides would your company welcome information?
(Base: total, n = 233)



- 
1. **Company aspects** **Page 11**
 2. **International trade** **Page 16**
 3. **Knowledge about trade agreements** **Page 23**
 4. **Potential impact of trade agreements** **Page 27**

Appendix
- Knowledge about TiSA

Opinions on the impact of the trade agreements on developing new foreign markets, purchasing of intermediate goods and foreign direct investments are almost evenly divided.

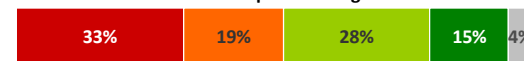
Medium-sized companies expect more often that foreign direct investment will be more secure than smaller companies (51% vs. 32%).

Companies with an **annual turnover** over 2 million more often think foreign direct investment would be more secure than companies with a smaller annual turnover (62% vs. 29%).

Considering the potential impact of the trade agreements, which of the following statements apply to your company?

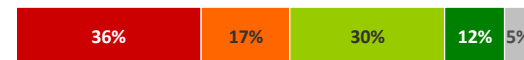
It would be easier to develop new foreign markets

Total (n=233) **2,3**



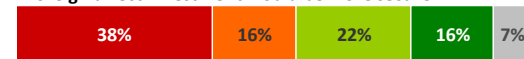
The purchasing of intermediate goods would improve

Total (n=233) **2,2**



Foreign direct investment would be more secure

Total (n=233) **2,2**



■ Does not apply ■ Tends not to apply ■ Tends to apply ■ Applies ■ Do not know



Both exporting and importing SMEs relatively often feel:

- It would be easier to develop new foreign markets (resp. 59% and 55% opposed to 34% non-exporting and 30% non-importing SMEs).
- The purchasing of intermediate goods would improve (resp. 62% and 60% opposed to 28% non-exporting and 25% non-importing SMEs).
- Foreign direct investment would be more secure (resp. 52% and 52% opposed to 26% non-exporting and 21% non-importing SMEs).

Out of all the presented potential impacts of the trade agreements, companies expect the impact of competitive pressure on their company to increase the most.



Both exporting and importing SMEs relatively often feel:

- Competitive pressure in general would noticeably increase (resp. 59% and 58%, opposed to 39% non-exporting and 37% non-importing SMEs).
- There would be a noticeable increase in competition from large, international companies (resp. 55% and 53%, opposed to 39% non-exporting and 37% non-importing SMEs).
- Their company would expect problems in withstanding the resulting tougher competition (resp. 51% and 45%, opposed to 28% non-exporting and 26% non-importing SMEs).
- Their company would become increasingly dependent on a specific client, production chain or market (resp. 51% and 48%, opposed to 26% non-exporting and 21% non-importing SMEs).

Considering the potential impact of the trade agreements, which of the following statements apply to your company?

Competitive pressure in general would noticeably increase



There would be a noticeable increase in competition from large, international companies



My company would expect problems in withstanding the resulting tougher competition



My company would become increasingly dependent on a specific client, production chain or market



■ Does not apply ■ Tends not to apply ■ Tends to apply ■ Applies ■ Do not know

Companies with a **annual turnover** less than 2 million less often feel that they will become dependent on a client, product chain or market (28% vs. 66%).

Companies in **Wallonia** more often than companies in Flanders feel that, due to trade agreements competitive pressure (56% vs. 41%) and difficulty in withstanding the tougher competition would increase (45% vs. 32%).

The effect of TTIP is expected to be the most positive for large Belgian companies and the Belgian economy in general. 45% of the companies expect SMEs to be negatively effected.

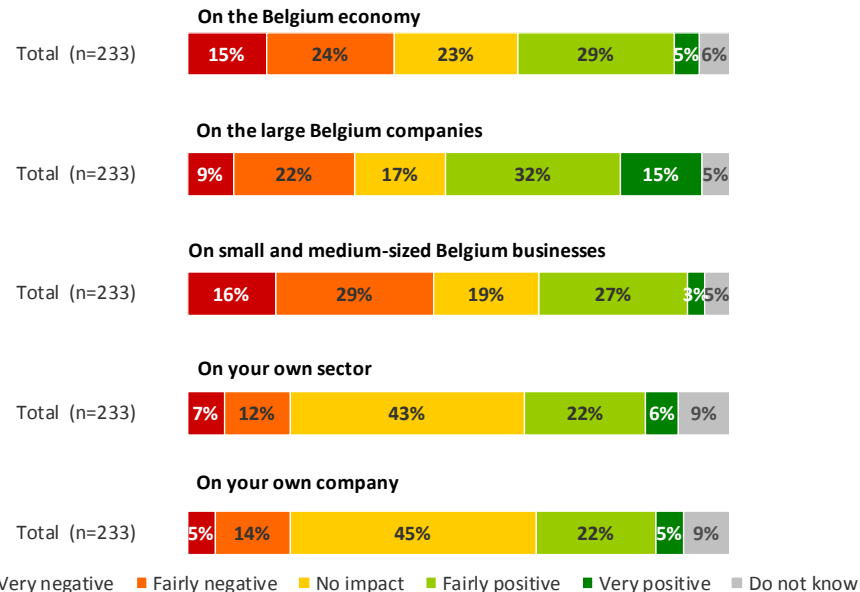


Exporting SMEs relatively often believe the TTIP agreement has a fairly to very positive effect on:

- The large Belgian companies (59% opposed to 43% non-exporting SMEs).
- Small and medium-sized companies (42% opposed to 26% non-exporting SMEs).
- Their own sector (49% opposed to 18% non-exporting SMEs).
- Their own company (resp. 48% opposed to 15% non-exporting SMEs).

Organizations with an **annual turnover** of less than 2 million often think that their own sector (19% vs. 38%) and their own company (21% vs. 34%) will be less positively effected by TTIP than organizations with an annual turnover between 2 and 50 million.

What effects do you expect in general from the possible conclusion of the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the United States?



39% of the SMEs surveyed expect negative effects of CETA on SME sector, 36% expects positive effects

43% expect positive effects on large Belgian companies.



Exporting SMEs relatively often believe the CETA agreement has a fairly to very positive effect on:

- Small and medium-sized companies (48% opposed to 33% non-exporting SMEs).
- Their own sector (43% opposed to 17% non-exporting SMEs).
- Their own company (resp. 41% opposed to 18% non-exporting SMEs).

Organisations in **Flanders** more often believe that CETA will have a fairly to very positive effect on small and medium-sized companies than organisations in **Wallonia** (43% vs. 29%).

What effects do you expect in general from the possible conclusion of the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada?

On the Belgian economy



On the large Belgian companies



On small and medium-sized Belgian businesses



On your own sector




On your own company



■ Very negative ■ Fairly negative ■ No impact ■ Fairly positive ■ Very positive ■ Do not know

Almost equal division in opinions on the effects of the abolition or reduction of customs duties. 43% of the Belgian SMEs surveyed think their company will benefit from the abolition or reduction, however also 43% think the abolition or reduction poses a threat.

 **When looking at exporting SMEs the number of SMEs who think they will benefit increases (62% opposed to 31% non-exporting SMEs) as well as those who think it will pose a threat (54% vs. 33% of non-exporting SMEs).**

What effects do you expect from selected regulations in the context of new possible trade agreements?

My company will benefit from the abolition or reduction of customs duties



The abolition or reduction of customs duties in the context of TTIP and/or CETA poses a threat



■ Strongly disagree ■ Tend to disagree ■ Tend to agree ■ Strongly agree ■ Do not know

Almost half of the SMEs surveyed think their company will benefit from alignment of technical regulations, standards and norms (45%). 57% think these should not be laid down in a bilateral agreement.

Flanders based companies relatively often believe they will benefit from the alignment of technical regulations, standards and norms (53%) and are also more often convinced regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (59%).

➡ **When looking at exporting SMEs** they relatively often think their company will benefit from the alignment of technical regulations, standards, and norms (68% opposed to 31% non-exporting SMEs), the regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (58% opposed to 41% non-exporting SMEs). 62% of the exporting SMEs believe technical regulations, standards, and norms should not be laid down in a bilateral agreement, this percentage however does not deviate from the average SMEs surveyed (57%).

What effects do you expect from selected regulations in the context of new possible trade agreements?

My company will benefit from the alignment of technical regulations, standards, and norms

Total (n=233)



Technical regulations, standards, and norms should not be laid down in a bilateral agreement

Total (n=233)



The regulatory bodies proposed for CETA and TTIP will help improve the quality of standards

Total (n=233)



■ Strongly disagree ■ Tend to disagree ■ Tend to agree ■ Strongly agree ■ Do not know

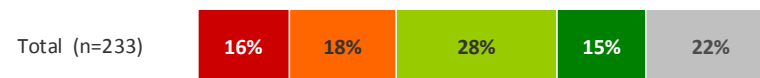
43% of the respondents think investor-state arbitration tribunals are important instruments for their company. At the same time 55% think these arbitrage procedures favour foreign companies and might limit the government.

42% think that ISDS or ICS undermine the rights of their companies

➡ **When looking at exporting SMEs** they relatively often think investor-state arbitration tribunals are important instruments for their company (55% opposed to 37% non-exporting SMEs) and extra-judicial bodies such as ISDS or ICS undermine the rights of their company (49% opposed to 36% non-exporting SMEs). SMEs not involved in international trade relatively often do not know how to answer these statements. They might have difficulties understanding the activities of these bodies.

What effects do you expect from selected regulations in the context of new possible trade agreements?

Investor-state arbitration tribunals are important instruments for my company



Extra-judicial bodies such as ISDS or ICS undermine the rights of my company



Investor-state arbitration procedures favor foreign companies and might limit the government



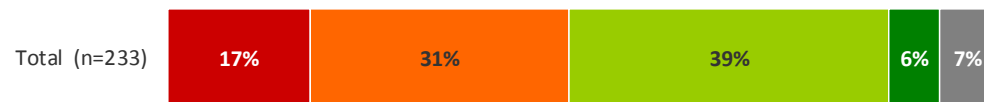
■ Strongly disagree ■ Tend to disagree ■ Tend to agree ■ Strongly agree ■ Do not know

Strong division in opinions whether Belgian SMEs are sufficiently considered in international trade deals: 48% disagrees, 45% agrees.

Companies in **Flanders** feel better represented in international trade deals than companies in **Wallonia** (50% vs. 39%).

➔ There is no difference in the extend to which exporting and non-exporting SMEs feel they are sufficiently considered when international trade deals are negotiated upon. Both results are around the average of SMEs surveyed

To what extent do you agree or disagree with the following statement?
I feel the interest of Belgian SMEs in general are sufficiently considered when international trade deals are negotiated and/or agreed upon

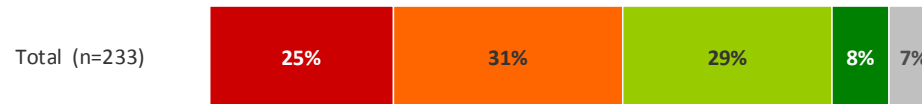


■ Strongly disagree ■ Tend to disagree ■ Tend to agree ■ Strongly agree ■ Do not know



37% of the Belgian companies surveyed feel fairly to very informed about the Trade in Service Agreement, 56% feels not very or not at all informed about TiSA.

In general, how informed do you feel you are/ your company is about the Trade in Services Agreement (TiSA)



■ Not at all informed ■ Not very informed ■ Fairly informed ■ Very informed ■ Do not know

Respondents in middle-level management feel better informed about TiSA than respondents in top-level management (50% vs. 26%).

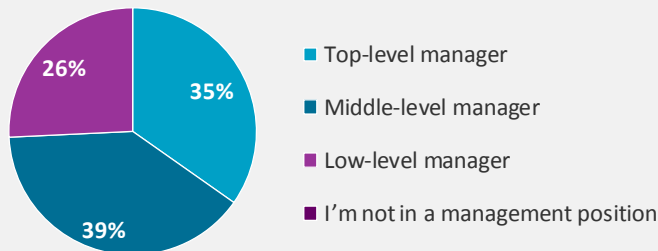


Both exporting and importing SMEs relatively often feel fairly to very informed about TiSA (resp. 46% and 44%, opposed to 31% non-exporting and 28% non-importing SMEs).

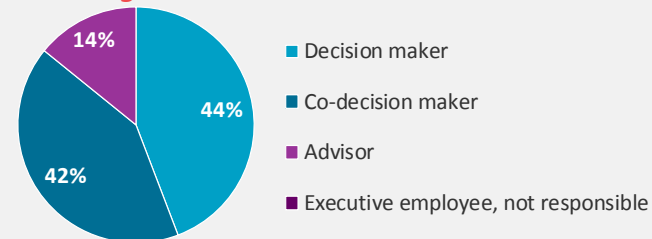


Who participated in the survey?

Position in the organisation



Responsibility for management, finance, purchasing or sales



SME definition

The EU SME definition is 'enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million'. This SME definition is designed to target particular enterprises in relation to EU funding and state-aid. The SME definition incorporates aspects of linkages, ownership and partnership with larger enterprises as well as a certain degree of flexibility between annual turnover and balance sheet total during different years. This is evidently beyond the scope of the current survey and hence total size remains our most reliable indicator. Further survey could benefit from utilizing the full classifying restrictions on SMEs.

Extensive information on the definition of SMEs is described in the document 'User guide to the SME Definition':

<https://www.rijksoverheid.nl/documenten/brochures/2014/05/01/handleiding-definitie-mkb>

12 of the 233 companies surveyed (5%) have an annual turnover above the SMEs threshold of 50 million Euro. Excluding these companies does not lead to significant different results in the study.

Practical research details – quantitative

- Fieldwork period
 - The main fieldwork was conducted in the period October 24th to November 6th 2016 (panel respondents). Participation via a generic link was possible into December 2016
- Respondent recruitment method
 - From Motivaction's StemPunt-panel and other partner panels
 - From the membership of national SME associations, which have cooperated in the survey
- Incentives
 - The respondents from the StemPunt-panel received points which can be redeemed in our loyalty program as a reward for their participation
- Weighting
 - The research data were not weighted (see also Appendix: weighted and un-weighted data) based on weighting factors determined in the Mentality calibration file. Where the socio-demographic data are concerned, this calibration file is weighted according to the Golden Standard of the CBS (Central Statistical Office)
- Involvement of external suppliers In conducting this study
 - Motivaction made use of the services of specialist companies for the following activities: conducting fieldwork in Slovenia, Belgium, France and Lithuania
- Questionnaire
 - The questionnaire was drafted by Schöpflin Stiftung and their partners in the different countries based on the questionnaires designed by BVMW and Business Growth Foundation.
- Retention period for primary research files
 - Digital research files will be stored by Motivaction for at least 12 months after the study has been completed. Audio- and visual recordings on cd and non-digital research files such as completed written questionnaires will be stored for 12 months after the study has been completed.
- Other practical research details
 - Other practical research details and a copy of the questionnaire/checklist used for this study are available to client on request



Copyright

The copyright of this report rests with the client. However, citing Motivation's name in publications based on this report – other than the complete and unabridged publication of the report – requires the written permission by Motivation International B.V.

Copyright on image materials

Motivation has made every reasonable effort that may be expected of it in ascertaining entitlement to or ownership of the rights to image materials. Should you nonetheless believe that you are entitled to exercise rights related to any image materials used, please contact Motivation



motivaction

research and strategy

Motivaction International B.V.

Marnixkade 109

1015 ZL Amsterdam

Postbus 15262

1001 MG Amsterdam

T +31 (0)20 589 83 83

M moti@motivaction.nl

www.motivaction.nl

www.facebook.com/stempunt

