

motivaction

research and strategy

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



schöpflin stiftung :





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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.



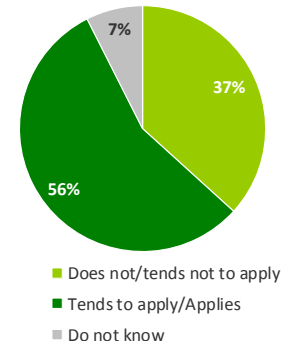
The TTIP and CETA agreement can impact Lithuanian companies in various ways: potentially competitive pressure might increase and foreign investments might be influenced. In general, Lithuanian SMEs surveyed expect the agreement to have potential positive impacts as well as potential threats to their business.

- A slight majority of the SMEs surveyed expects a positive impact from trade agreements: 55% expect that it will be easier to develop new foreign markets, 56% think the purchasing of intermediate goods will improve, and 56% expect foreign direct investment to be more secure.
- ➔ Especially exporting SMEs expect a positive effect of the trade agreements.
- On the other hand, half of the Lithuanian SMEs surveyed expect a noticeable increase in competition from large, international companies that will potentially impact their business. 45% think competitive pressure will increase in general, 41% expect their company will become increasingly dependent on a specific client, production chain or market, and 37% expect that their company will have problems in withstanding resulting tougher competition. Like the positive effects, exporting SMEs are also more likely to acknowledge the possible negative effects of the trade agreements.

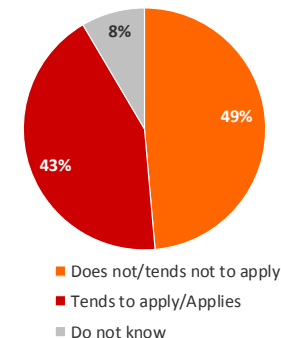
➔ It can be expected that the potential impact of trade agreements like TTIP and CETA varies per company, depending on their international orientation, size or turnover. This is indeed true when looking at SMEs exporting to Canada or USA.

- SMEs active in international trade expect their company to benefit from the abolition or reduction of custom duties and alignment of regulations. Their opinion however is not unambiguous. Two third of these SMEs feel the abolition or reduction of custom duties also poses a threat.

Expect a positive impact of trade agreements



Expect a negative impact of trade agreements



Lithuanian SMEs attach great importance to the protection of data, intellectual property and competition rules.

- The protection of company and customer data (80%) and protection of intellectual property (74%) are regarded as important aspects to Lithuanian SMEs. Lithuanian SMEs are also concerned about competition rules that could possibly limit the market power of individual companies (73%).
- Lithuanian companies attach relatively less importance to aspects related to foreign markets. (Non-discriminatory) access to public courts (64%) and public procurement contracts (63%) are only seen as important by slightly more than six out of ten companies. However, access to information about requirements and conditions in foreign markets is deemed more important (73%).

➡ With regard to the importance of various company aspects, we see a difference between SMEs involved in international trade and those who are not. SMEs to which foreign regions are fairly to very important locations for their products or services indicate that practically all the aspects described above are of more importance to their company compared to those SMEs who are not involved in international trade.

- Besides international trade, differences between small and medium-sized SMEs can be seen. Improvement in customs procedures, alignment of technical regulations, standards and norms, access to information about requirements and conditions in foreign markets, access to public procurement contracts in foreign markets are more often important to small enterprises, than medium-sized enterprises.
- Moreover, competition rules to limit the market power of individual companies, investor-state arbitration tribunals and non-discriminatory access to public courts in foreign markets are more often deemed important by the biggest SMEs in Lithuania (with more than 50 employees).



The TTIP and CETA agreement contain certain regulations that might have a consequence for the Lithuanian SMEs. In general, most Lithuanian SMEs expect (beneficial) effects from the alignment of technical regulations, standards and norms. Investor-state arbitration procedures are also expected to have (both positive and negative) consequences.

Abolition/reduction of customs duties

- Lithuanian companies are divided about the consequences of a possible abolition or reduction of customs duties.
 - 66% thinks this would be beneficial for their company. On the other hand, 39% thinks that an abolition or reduction would pose a threat.
- ➔ When looking at exporting SMEs to Canada or USA, this number of SMEs who think the abolition or reduction poses a threat significantly increases to 69%. However 69% also point out it could be beneficial to their company.

Alignment of technical regulations, standards and norms

- 62% of the Lithuanian SMEs expect to benefit from alignment of technical regulations, standards and norms. 82% when looking at exporting SMEs to Canada or USA.
- Moreover, 64% thinks the proposed regulatory bodies will help to improve the quality of standards in their industry.
- Nonetheless, two thirds of the Lithuanian companies agree that such technical regulations, standards and norms should not be laid down in bilateral agreements like TTIP and CETA.

Investor-state arbitration procedures

- 65% of Lithuanian SMEs consider investor-state arbitration tribunals important instruments for their company.
- Yet, a majority expects such arbitration procedures to favour foreign companies and limit the government.
- A minority of Lithuanian SMEs are concerned that extrajudicial bodies (like ISDS or ICS) might undermine the rights of their company.



Trade agreements, like TTIP and CETA, can have an impact on micro- as well as macroeconomic level of the Lithuanian economy. In general, Lithuanian SMEs on the whole expect rather positive effects on the different levels.

- The most positive effects are expected on macroeconomic levels. 69% expect beneficial effects on large Lithuanian companies, while 66% expect a beneficial effect of TTIP and CETA on the Lithuanian national economy as a whole.
- Around half of the Lithuanian SMEs expect a positive effect on SMEs in general (53%) and subsequently on their own sector (49%).
- With regard to their own company, most Lithuanian SMEs expect either a positive impact or no impact at all. Companies with an annual turnover between 2 and 50 million most often expect very positive effects on their own company.

➞ SMEs exporting to Canada or USA predominantly and more than not-exporting companies, expect positive effects from a possible conclusion of both TTIP and CETA on their own company, their sector and Lithuanian SMEs in general.

- The TTIP and CETA agreements contain certain regulations that might have a consequence for the Lithuanian SMEs. In general, most Lithuanian SMEs expect (beneficial) effects from the alignment of technical regulations, standards and norms. Investor-state arbitration procedures are also expected to have (both positive and negative) consequences.



Knowledge of Lithuanian SMEs about the TTIP and CETA agreement is lagging.

- Most Lithuanian SMEs have none or limited knowledge about either the TTIP and CETA (and TiSA) agreement. Around two third of the companies state that they do not feel (very) informed.
- 20% does not feel informed at all about the TTIP or CETA agreement. This is the case for both medium-sizes and small companies.
- Those who have no knowledge about the TTIP agreement also do not feel informed about the CETA agreement, and vice versa.
- On average, employees in middle-level management have the most knowledge about the trade agreements, while those in top-level feel less informed more often. This might indicate that the respondents in middle-level work more often in bigger companies, while top-level respondents (in the survey) are active within SMEs with up to 9 employees.

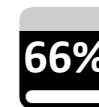
A large majority of Lithuanian SMEs would welcome more information about trade agreements.

- 92% would welcome more information. A mere 8% state that they would not prefer this.
- The most preferred sources of information among Lithuanian SMEs are: business associations (57%) and the Lithuanian government (45%). They would also quite often welcome information from EU institutions, like the European Commission (44%).

TTIP



Of SMEs feel
(very) informed

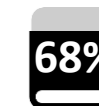


Of SMEs feel
(not at all)
informed

CETA



Of SMEs feel
(very) informed



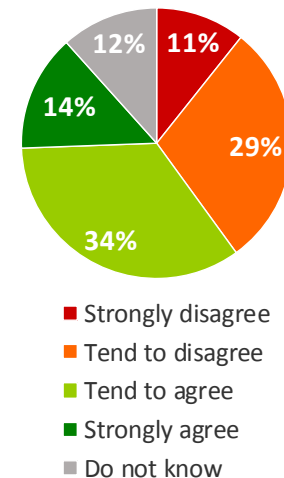
Of SMEs feel
(not at all)
informed



In line with the diverging expectations of Lithuanian SMEs concerning the potential impact they expect from trade agreements, there is also a strong division between Lithuanian SMEs whether they feel sufficiently considered in the negotiation of TTIP and CETA.

- 48% feels the interests of Lithuanian SMEs have been sufficiently considered, however 40% feel that their interest has been *insufficiently* considered in such negotiations and in the decision-making processes.
- Despite the relatively low number of respondents from Lithuanian SMEs, it could be seen that the difference between these two attitudes can be attributed mainly to the degree of knowledge of either of one the trade agreements. Those companies who feel more informed about CETA or TTIP, more often feel that their interest has been considered.
- This could mean that an extension of the knowledge about TTIP and CETA among Lithuanian SMEs might further influence their attitude towards the negotiation processes of both agreements.

Interest of SMEs sufficiently considered?





Import:

- International trade is relatively common for Lithuanian SMEs surveyed. 49% of the companies import goods and/or services from abroad. Due to an oversampling of small and medium-sized companies in all countries, this however does not represent the actual number of importing SMEs.*
- The SMEs surveyed involved in international trade often have an annual turnover between 2 and 50 million euros.
- EU member states and EFTA countries are the main suppliers of these goods or services. 56% of the companies consider these markets important for their trade.
- On average, imports represent 40% of the total costs of Lithuanian companies surveyed. For a majority (56%), these costs are below 40% of their total costs.



Export:

- Exporting goods and/or services is a little less common for Lithuanian SMEs than importing. 41% of the companies generate revenue from exports. Due to an oversampling of small and medium-sized companies, this however does not represent the actual number of exporting SMEs.*
- On average, the revenue from exporting goods or services represents 48% of the total revenue of these companies.
- Exporting goods or services is in general more common among the medium-sized companies surveyed.
- As with imports, the main foreign markets are: other EU member states and EFTA countries. Two thirds of the exporting Lithuanian SMEs surveyed consider this region important (67%).

** For the exact figures see slide 13*

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



As seen in the management summary, the answer to this question is not uniform. The SMEs questioned do see a great number of opportunity's for their company. However they also see the negative side effects.

SMEs active in international trade, are the companies that are most informed on the trade agreements and also have the most profound opinion on the effect of the trade agreements. A great majority of SMEs to which foreign regions are fairly to very important locations for their products or services, expects a positive impact of both CETA and TTIP on Lithuanian SMEs in general, their sector and their own company. They expect their company to benefit from the abolition or reduction of custom duties and alignment of regulations. However they also acknowledge possible threats. SMEs not active in international trade have a far less vision of the possible effects of the trade agreements. They are less informed and primarily have a neutral position.



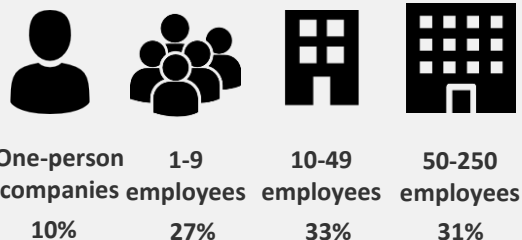


The main fieldwork was conducted in the period October 24th to November 6th 2016 (panel respondents).

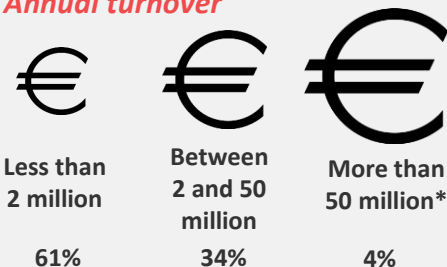
Participation via a generic link was possible into December 2016.

Total number of respondents = 215

Company size



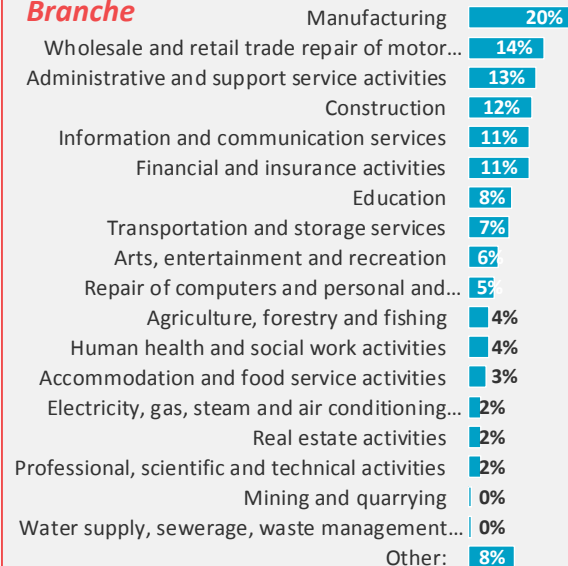
Annual turnover



* 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	95%	96%	65%	17%	61%
Between €2 and €50 million	5%	4%	30%	76%	34%
More than €50 million	0%	0%	6%	8%	4%
Total	No. = 21	No. = 57	No. = 71	No. = 66	No. = 215

Does this study represent the total SME population in Lithuania?

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 Lithuania			Survey Sample	
	Lithuania	EU28		Survey	
	Number	Share	Share	Number	Share
Micro (0-9 employees)	143 843	93 %	93 %	78	36 %
Small (10-49 employees)	10 913	7 %	6 %	71	33 %
Medium-sized (50-250 employees)	2 064	1 %	1 %	66	31 %
Total	156 820	100 %	100 %	215	100 %

Sector	Number of SMEs by sectors, 2015 estimates		Survey Sample	
	Number	Share	Number	Share
Mining & quarrying	102	1%	1	0,5%
Manufacturing	16 750	11%	42	20%
Electricity, gas	1 304	1%	5	2%
Water supply, sewerage, waste management	378	0,2%	1	0,5%
Construction	24 709	16%	25	12%
Distributive trades	56 902	36%	30	14%
Transportation & storage	10 875	7%	16	7%
Accommodation & food services	5 111	3%	7	3%
Information & communication	4 076	7%	24	11%
Real estate	8 592	5%	5	2%
Professional, scientific & technical activities	21 654	14%	5	2%
Administrative & support services	6 367	4%	27	13%
Other (insurance, health, education, arts)	n.k	n.k.	55	26%
Total	156 820	100,00%	215	100%

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

GREEN = overrepresented
ORANGE = underrepresented

1. Company aspects

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Appendix

- Knowledge about TiSA

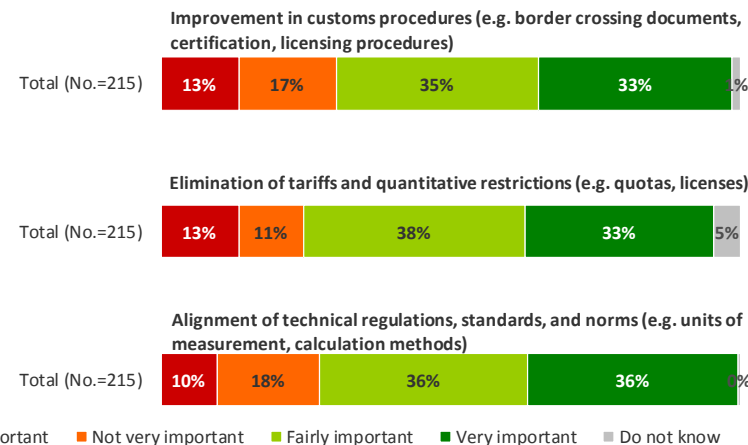
Majority of Lithuanian SMEs thinks issues about customs procedures, tariffs and alignment of technical regulations are important

The improvement of customs procedures is relatively less important to **one-sized companies**: this is fairly to very important to 48% of the one-sized companies. To medium-sized companies with an **annual turnover between 2-50 million**, this relatively often is very to fairly important (77%).

➔ **Both exporting and importing SMEs** relatively often feel the Improvement in customs procedures (resp. 80% and 81%, opposed to 55% non-exporting and 52% non-importing SMEs) and the elimination of tariffs and quantitative restrictions (resp. 83% and 83%, opposed to 60% non-exporting and 53% non-importing SMEs) are important to their company.

↩ **Importing SMEs** feel the alignment of technical regulations, standards and norms are important to their company (81%, opposed to 60% non-importing SMEs). This also applies to exporting SMEs (79%, opposed to 63% non-exporting SMEs), especially when foreign regions are fairly to very important locations for their products or services (USA 90%, Canada 91%, Asia/Australia 92%, EU 85% and EU Neighbourhood 84%).

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



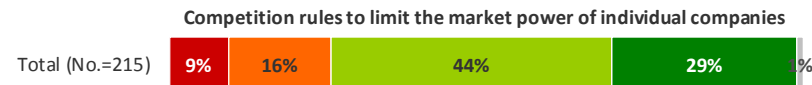
Aspects about foreign markets important to a majority of companies

Small companies feel it is relatively less important to their company that competition rules limit the market power of individual companies: 30% feels it is not at all/not very important, opposed to 15% of medium-sized companies.

Companies with a turnover between 2 and 50 million (85%) feel the access to information and public procurements is of relatively more importance than companies with an annual turnover of less than 2 million (67%) and one-sized companies (48%).

➡ **Exporting SMEs** relatively often feel the access to information about requirements and conditions in foreign markets is important to their company (84%, opposed to 59% non-exporting SMEs).

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



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

➡ **Importing SMEs** relatively often feel competition rules to limit the market power of individual companies is important to their company (81%, opposed to 65% non-importing SMEs).

Around eight out of ten companies find protection of company data and intellectual property important

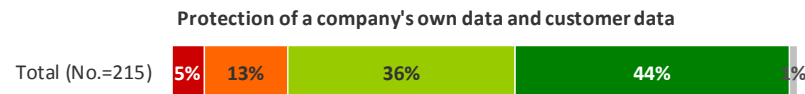
Companies with a turnover between 2 and 50 million a year relatively often feel it is important to their company to protect regional brand names and product designations (73%, opposed to 69% on average), intellectual property (80%, opposed to 74% on average) and company as well as customer data (86%, opposed to 80% on average).

Based on this study, we can not conclude that a higher turnover results in a bigger importance of these aspects to a company. The 9 respondents with a turnover of 50 million do not show apparent differences from the sample average.



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services relatively often feel the protection of intellectual property is important to their company (USA 85%, Canada 88%, Asia/Australia 84%, EU 86%, opposed to 73% of non-exporting SMEs).

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



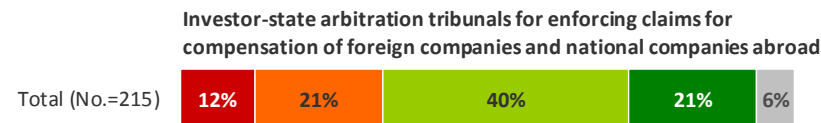
■ Not at all important ■ Not very important ■ Fairly important ■ Very important ■ Do not know



About 60% consider investor-state arbitration tribunals and access to public courts important

Companies with 50 employees or more find arbitration tribunals for enforcing claims to compensation more important than smaller companies: 67% of the medium-sized companies feel this is fairly to very important to their company opposed to 58% of the smaller companies. **Medium-sized companies** also relatively often feel that it is important to have access to public courts in foreign markets: 71% feels this is fairly to very important, opposed to 60% of the smaller companies.


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



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



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services relatively often feel non-discriminatory access to public courts in foreign markets is an important aspect for their company (USA 79%, Canada 84%, Asia/Australia 84%, EU 70%, EU neighbourhood 73%, opposed to 58% of non-exporting SMEs). These exporting SMEs also relatively often feel investor-state arbitration tribunals for enforcing claims to compensation of foreign companies and national companies abroad is important to their company (USA 81%, Canada 84%, Asia/Australia 84%, EU 78%, EU neighbourhood 73%, opposed to 57% of non-exporting SMEs).

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Appendix
- Knowledge about TiSA



Earlier in this report (slide 13) 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: 41% of the Lithuanian SMEs surveyed are currently generating revenue from export. On average, these exports represent 48% of their total revenue.



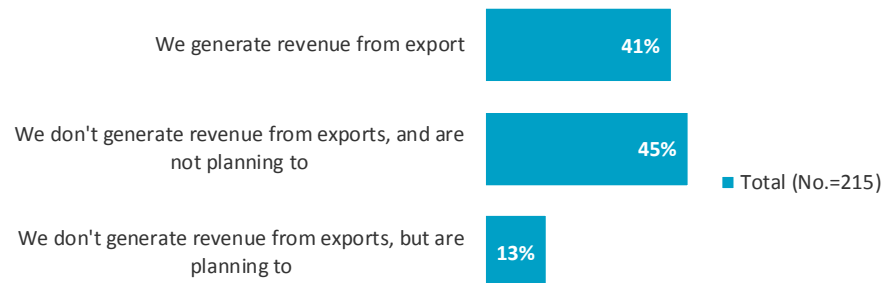
57% of **medium-sized companies** surveyed (50-250 employees) are currently involved in exporting goods and services. 11% are planning to do so in the future.



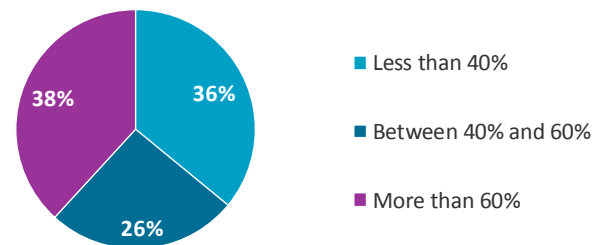
45% of Lithuanian SMEs surveyed currently do not generate revenue from exports, nor are they planning to do so. This is especially the case for one-person companies, and smaller companies.



What share of the total revenue of your company (goods and services) do exports represent?



Revenue from exports as share of total revenue



Lithuanian SMEs are mostly exporting goods and services to other EU members and EFTA countries

For Lithuanian companies with export related revenues the most important markets for their products and goods are: other EU member states and EFTA countries. Two third of the companies export to these countries.

Other parts of the world, such as the USA, Asia and Australia, are only of importance to a minority of Lithuanian SMEs.

To **medium-sized companies** (No.=38) a number of regions are of more importance than to smaller companies: USA (61% fairly to very important to medium-sized companies vs 27% to smaller companies), Asia and Australia (50% vs. 24%), Canada (39% vs. 18%) and 'Rest of the World' (61% vs. 27%).

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

EU Member States and EFTA countries



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



United States



Asia and Australia



Canada



Rest of the World



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

EU member states and EFTA countries expected to be the most important foreign markets

13% of Lithuanian companies are planning to generate revenue from exports (No.=29). Most of them expect the EU member states and EFTA countries to be the most important markets for their goods and services.

Smaller companies with less than 50 employees (No.=22) relatively often seem to set their focus on EU Member States and EFTA countries: 71% expect this region to be fairly to very important. However, note that the sample group size (n) is too small to make any wider conclusions on this matter.

What importance do you expect the following regions to have as locations for your products and/or services? Asked to SMEs who are planning to generate revenue from export

EU Member States and EFTA countries



European Neighbourhood, Russia and Turkey



United States



Asia and Australia



Canada



Rest of the World



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

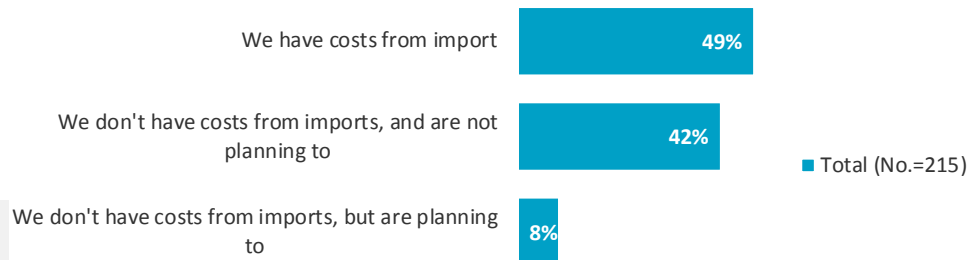
About half of Lithuanian SMEs surveyed import goods and services from other countries in the world

49% of the Lithuanian SMEs surveyed import goods and services from other countries. On average, these imports represent 40% of their total costs.

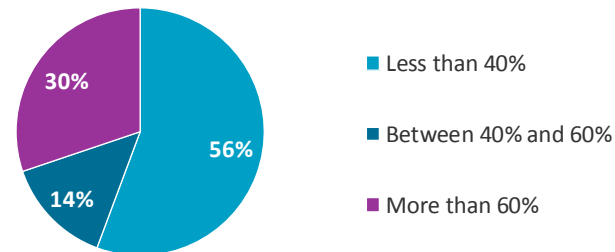
59% of **medium-sized companies** (50-250 employees) are involved in importing goods and services and 5% are planning to do so in the future.

In comparison to bigger companies, **one-person companies** more often do not import goods, and are not planning to do so.

What share do imports represent in the total costs of your company (goods and services)?



Costs from imports as share of total costs



Lithuanian SMEs are mostly importing goods and services from other EU members and EFTA countries

When the Lithuanian companies surveyed make costs related to import of goods and services from other countries, other EU member states and EFTA countries are the main suppliers. Slightly more than 50% import goods from these countries.

Other parts of the world, such as the USA and Asia and Australia, are often not regarded important supplier markets.

To **medium-sized companies** (No.=39) a number of regions are more important suppliers than to smaller companies: EU neighbourhood (54% fairly to very important to medium-sized companies vs. 19% to smaller companies), USA (51% vs 13%), Asia and Australia (49% vs. 21%), Canada (41% vs. 9%) and 'Rest of the World' (62% vs. 30%).

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.=106) **21%** **21%** **27%** **29%** **2%**

European Neighbourhood

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

Total (No.=106) **39%** **29%** **25%** **7%**

United States

Total (No.=106) **43%** **28%** **23%** **5%**

Asia and Australia

Total (No.=106) **45%** **22%** **19%** **12%** **2%**

Canada

Total (No.=106) **57%** **21%** **16%** **5%**

Rest of the World

Total (No.=106) **28%** **25%** **37%** **5%** **5%**

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



Different expectations with regards to important future import suppliers

8% of the Lithuanian SMEs surveyed are planning to import goods and/or services from other countries in the future. They have different expectations with regards to which parts of the world would be most important to their company.

The figure on this slide shows the expected importance of the different regions, however, note that the sample size is too small to make any wider conclusions on this matter.

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

EU Member States and EFTA countries

Total (No.=18)

Importance	Percentage
Not at all important	6%
Not very important	39%
Fairly important	22%
Very important	28%
Do not know	6%

European Neighbourhood, Russia and Turkey

Total (No.=18)

Importance	Percentage
Not at all important	0%
Not very important	44%
Fairly important	33%
Very important	17%
Do not know	6%

United States

Total (No.=18)

Importance	Percentage
Not at all important	11%
Not very important	22%
Fairly important	33%
Very important	22%
Do not know	11%

Asia and Australia

Total (No.=18)

Importance	Percentage
Not at all important	22%
Not very important	17%
Fairly important	39%
Very important	6%
Do not know	17%

Canada

Total (No.=18)

Importance	Percentage
Not at all important	17%
Not very important	39%
Fairly important	22%
Very important	11%
Do not know	11%

Rest of the World

Total (No.=18)

Importance	Percentage
Not at all important	11%
Not very important	39%
Fairly important	22%
Very important	11%
Do not know	17%

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

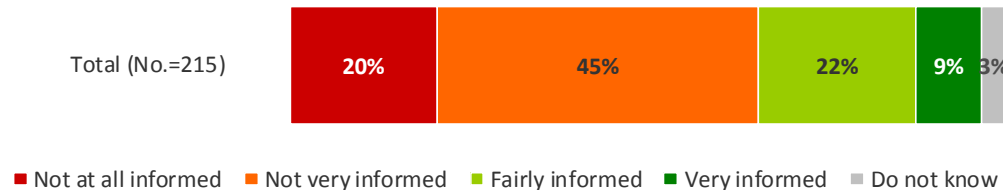
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Appendix - Knowledge about TiSA

The majority of surveyed Lithuanian SMEs (65%) has little or no knowledge of the TTIP agreement

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.=215)



About two third of Lithuanian companies surveyed feel they are not (very) informed about the TTIP agreement.

In general, people in **medium-sized companies** say they are more informed about the TTIP agreement. 20% say they are very informed versus 5% in small companies (0-49 employees).

In addition, **mid-level employees** and **co-decision makers** say they are more informed about TTIP than people at top level management and/or decision makers.

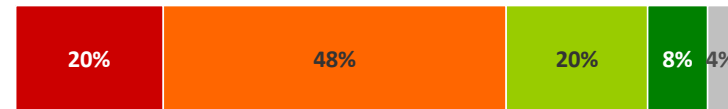


Exporting SMEs to which foreign regions are fairly to very important locations for their products or services feel relatively more informed: of those SMEs exporting to USA 50% feels fairly to very informed, Canada 63%, Asia/Australia 55%, EU 43% and EU neighbourhood 45%, opposed to 26% of non-exporting SMEs).

68% of Lithuanian SMEs surveyed have little or no knowledge of the CETA agreement

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

Total (No.=215)



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

In line with the level of knowledge about the TTIP agreement, 68% of respondents do not feel (very) informed about the CETA agreement with Canada.

Employees of companies with **50-250 employees** more often say they are well informed about the CETA agreement: 20% say that they themselves or the company is very informed, versus 3% in smaller companies.

Employees in the **middle level** more often state that they are “fairly informed” or “very informed” about CETA (37%) than employees in other levels.



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services feel relatively more informed: of those SMEs exporting to USA 54% feels fairly to very informed, Canada 66%, Asia/Australia 53%, EU 39% and EU neighbourhood 52%, opposed to 21% of non-exporting SMEs).

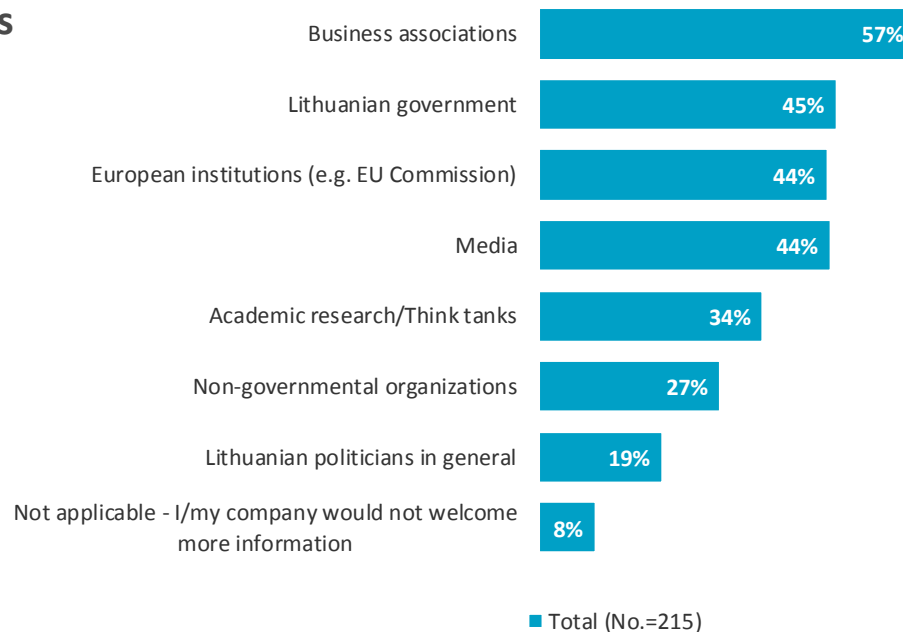
Overall, those who feel fairly/very informed about TTIP, also feel informed about the CETA agreement.

Lithuanian SME employees would like to gain more knowledge about trade agreements from business associations or other traditional sources

Top level would more often like to receive information from non-governmental organizations (37%) and the media (55%).

Medium-sized companies with a **higher annual turnover** more often welcome information through the Lithuanian government (59%) and politicians in general (27%).

From which bodies would your company welcome information?



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Appendix
- Knowledge about TiSA

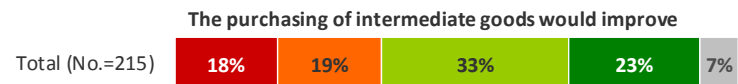
A slight majority expects a potential positive impact from the trade agreements

Employees from **medium-sized companies (50-250 employees)** more often think that direct investments in other countries would be more secure with the proposed trade agreements: 67% feels this tends to apply or applies vs. 52% of smaller companies.

41% of SMEs expect trade agreements to not facilitate entry into a new market. However companies with a **turnover of 2-50 million** think that it would be easier to develop new foreign markets following the signing of the agreements: 65% feels this tends to apply or applies vs. 48% for companies with a turnover below 2 million.

➡ **Also two-thirds of the SMEs who are already exporting** believe that for their company trade agreements would make it easier to develop new foreign markets (67%).

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



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



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services relatively often believe that their foreign direct investments would become more secure (USA 79%, Canada 81%, Asia/Australia 76%, EU 72%, opposed to 49% of non-exporting SMEs).

Lithuanian SMEs divided about the potential negative impact of the trade agreements

The **size** (in terms of employees or annual turnover) does not seem to play a role in this regard.

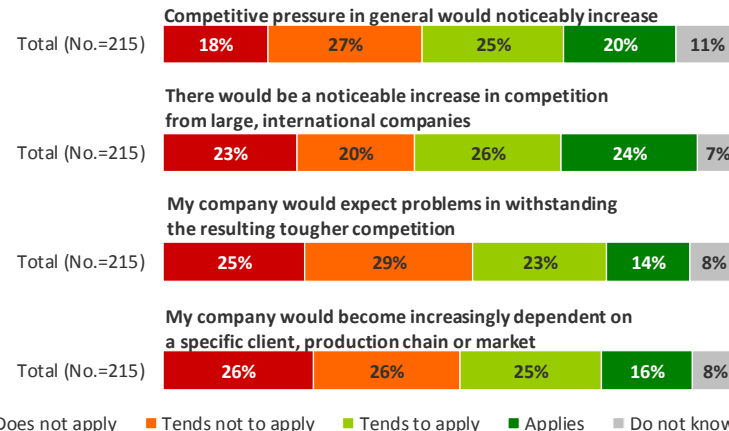
Within organisations, **mid-level employees** more often expect a negative impact on the competition of their companies, than those in the upper (or lower) levels.



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services relatively often believe that due to the trade agreements, they would encounter a noticeable increase in competition from large international companies (69%) and would expect problems in withstanding the resulting tougher competition (59%).

This especially applies to **exporting SMEs to which Canada is a fairly to very important selling market** (No.=32). 81% of these SMEs expects a noticeable increase in competition from large international companies and 72% expects problems in withstanding the tougher competition. **In general exporting SMEs to which foreign countries are a fairly to very important selling market** expect to become increasingly dependent on a specific client, production chain or market. This especially concerns SMEs with a selling market in USA 67%, Canada 75% and Asia/Australia 66% (opposed to 36% of non-exporting SMEs).

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



Exporting companies expect positive impact from the trade agreements on their own sector and company

In general, more often positive effects of TTIP than negative effects are expected on all levels of the Lithuanian economy. Especially exporting SMEs expect a positive impact on their sector (58%) and their company (60%).

➔ **Exporting SMEs** to which foreign regions are even fairly to very important locations for their products or services relatively often expect positive impact of TTIP on Lithuanian SMEs (USA 73%, Canada 75% and Asia/Australia 84%, opposed to 43% of non-exporting SMEs), on their own sector (USA 73%, Canada 78% and Asia/Australia 74%, EU 71% and EU Neighbourhood 70%, opposed to 35% of non-exporting SMEs) and on their own company (USA 83%, Canada 81% and Asia/Australia 76%, EU 70% and EU Neighbourhood 66%, opposed to 32% of non-exporting SMEs).

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?

On the Lithuanian economy



On the large Lithuanian companies



On small and medium-sized Lithuanian businesses



On your own sector



On your own company



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

Medium-sized companies (50-250 employees) more often expect (positive) effects on their own company (59% vs 43% according to smaller companies).

Overall Lithuanian SMEs expect a positive effect of CETA on the Lithuanian economy

A majority of Lithuanian SMEs expect a positive effect of the CETA agreement on the Lithuanian economy and on large Lithuanian companies. Especially exporting SMEs expect a positive impact on their sector (60%) and their own company (53%).



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services relatively often expect positive impact of TTIP on Lithuanian SMEs (USA 73%, Canada 72% and Asia/Australia 76%, EU 62% and EU Neighbourhood (70%), opposed to 46% of non-exporting SMEs), on their own sector (USA 79%, Canada 81% and Asia/Australia 76%, EU 66% and EU Neighbourhood 75%, opposed to 38% of non-exporting SMEs) and on their own company (USA 75%, Canada 75% and Asia/Australia 68%, EU 62% and EU Neighbourhood 66%, opposed to 32% of non-exporting SMEs).

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 Lithuanian economy



On the large Lithuanian companies



On small and medium-sized Lithuanian businesses



On your own sector



On your own company



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

Lithuanian companies are divided about the effect of abolition/reduction of customs duties on their company

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

62% of the SMEs surveyed agrees it will benefit their company, at the same time 39% thinks it will pose a threat.

➡ When looking at **exporting SMEs** to Canada or USA (No.=49), the number of SMEs who think the abolition or reduction poses a threat significantly increases to 69%. However 69% also points out it could be beneficial to their company.

To SMEs in **manufacturing** (No.=42) 76% feel their company would benefit from the abolition or reduction of custom duties, 38% thinks it would pose a threat.



Around six out of ten Lithuanian companies expect positive effects of technical regulations

A majority of Lithuanian SMEs (62%) expect beneficial effects from the alignment of technical regulations, standards and norms in the context of new possible trade agreements. Moreover, a majority think the regulatory bodies that are proposed in the CETA and TTIP agreement will help improve the quality of standards. Despite the positive expectations, half of the SMEs reasons that such technical regulations should not be laid down in bilateral agreements (such as TTIP and CETA).

➔ When looking at **exporting SMEs** to which foreign regions are fairly to very important selling markets the majority believe their company would benefit from the alignment of regulations and norms (USA 81%, Canada 84% and Asia/Australia 76%, EU 77% and EU Neighbourhood 82%, opposed to 57% 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 alignment of technical regulations, standards, and norms



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



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



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

SMEs in **manufacturing** (No.=42) more strongly believe the regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (79%).

Ambiguous attitudes towards the role of investor-state arbitration tribunals and procedures

Lithuanian respondents have ambiguous views on the impact of investor-state tribunals or procedures on their companies.

65% think these tribunals are important instruments for their company, on the other hand 64% think such procedures favour foreign companies.

Strikingly, compared to other questions in the survey there is an unusually high number of 'do not know' to these questions. This might indicate a lack of knowledge of SMEs about these institutes.

One-person companies relatively often do not know what the impact of the selected regulations will be on their company.

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 favour foreign companies and might limit the government



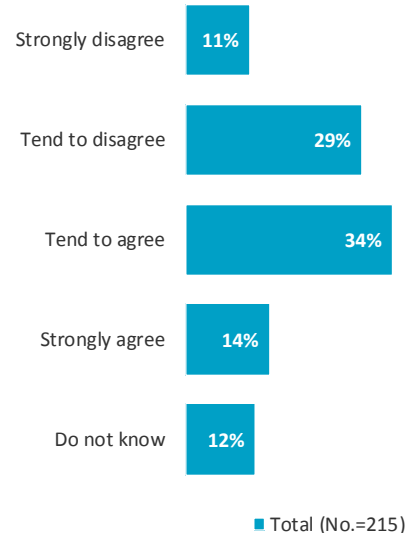
■ Strongly disagree ■ Tend to disagree ■ Tend to agree ■ Strongly agree ■ Do not know

Disagreement among Lithuanian SMEs whether their interest is sufficiently considered in negotiation processes about trade deals

Lithuanian companies are divided about the extent to which they feel their interest is considered in negotiations. Four out of ten (tend to) disagree, while almost five out of ten (tend to) agree that their interests have been taken account in the agreements.

Companies who feel very **informed** about either CETA or TTIP (No.=18) more often feel that their interests are represented: 83% strongly or tends to agree they are sufficiently considered, opposed to 35% of the SMEs who do not feel informed). Company size does not seem to play a role in this regard.

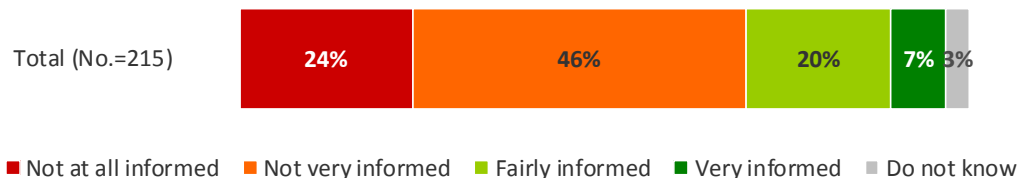
To what extent do you agree or disagree with the following statement?
I feel the interests of Lithuanian SMEs in general are sufficiently considered when international trade deals are negotiated and/or agreed upon





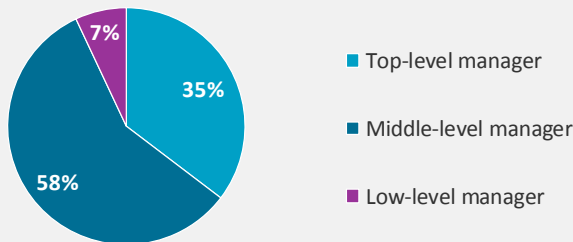
27% of the Lithuanian companies feel fairly to very informed about the Trade in Service Agreement, 70% feels not very or not at all informed about TiSA.

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

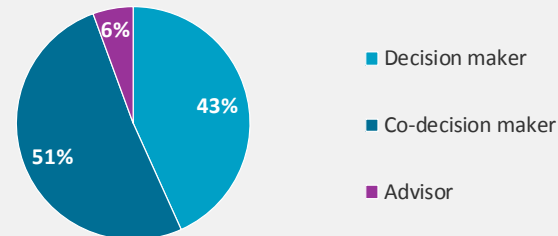


Who participated in the survey?

Position in the organisation



Responsible 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>

9 of the 215 companies surveyed (4%) 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 Motivation'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
 - Motivation 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 Motivation 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



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