

# **motivaction**

research and strategy

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



**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.



## **Dutch SMEs expect relative positive effects of the trade agreements on large companies and on the Dutch economy**

- ❖ In general, Dutch SMEs expect the TTIP agreement and the CETA agreement to have positive effects on the large Dutch companies (64% for TTIP, 63% for CETA). About half of Dutch SMEs also expect the trade agreements will have positive effects on the Dutch economy in general (47% for TTIP, 53% for CETA).
- ❖ When looking at the expected effect on small and medium-sized companies, still 44% of the companies surveyed believe the trade agreements will have a positive effect on SMEs in general. This effect however is mainly expected by exporting SMEs and medium-sized companies. These SMEs also expect a relatively positive effect on their own sector and their own company.

## **Dutch SMEs are diverse about the expected impact of trade agreements like TTIP and CETA. Their biggest fear is an increase in competitive pressure**

- Four out of ten SMEs surveyed expect a positive impact from trade agreements: 41% expects it will be easier to develop new foreign markets, 37% thinks the purchasing of intermediate goods will improve, and 33% expects foreign direct investment to be more secure.
- However, a similar amount of SMEs surveyed expect a negative impact from trade agreements. According to Dutch SMEs the biggest threat of the trade agreements are a noticeable increase in competition from large international companies and an increase of competitive pressure in general. Half the SMEs surveyed expect this effect will apply to their company.
- Other negative consequences are less often of potential impact to Dutch companies: 33% expects their company will become increasingly dependent on a specific client, production chain or market, and 35% expects their company to have problems in withstanding resulting tougher competition.
- The trade agreements seem to have a potential more positive effect on medium-sized and exporting companies. However these SMEs also relatively often recognize the potential negative effects of the agreements (see following slide)



While looking deeper in the data searching for an explanation of why SMEs either expect positive or negative effects from the trade agreements, we discover that SMEs who expect to benefit from trade agreements, also acknowledge the side effects. Considering the potential impact of the trade agreements, different statements were presented to SMEs asking them to indicate whether this applies to their company. In the tables below the statements concerning positive effects are combined, as well as the statements concerning the negative effects and crossed with the degree of international trade.

Expects positive effects	Does generate revenue from exports (No.=184)	Does not generate revenue from exports and is not planning to (No.=336)	Does not generate revenue from exports but is planning to (No.=46)	All (No.=566)
Expects positive effect (at least 1 out of 3 positive effects fully applies to their company)	30%	19%	41%	25%
Expects only fairly positive or less effect	70%	81%	59%	75%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Expects negative effects	Does generate revenue from exports (No.=184)	Does not generate revenue from exports and is not planning to (No.=336)	Does not generate revenue from exports but is planning to (No.=46)	All (No.=566)
Expects negative effect (at least 1 out of 4 negative effects fully applies to their company)	40%	26%	48%	33%
Expects at least fairly negative or more effect	60%	74%	52%	67%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Negative vs positive effects	Expects positive effect (at least 1 out of 3 positive effects applies to their company) (No.=139)		Expects only fairly positive or less effect (No.=427)	All (No.=566)
Expects negative effect (at least 1 out of 4 negative effects fully applies to their company)	68%		21%	33%
Expects at least fairly negative or more effect	32%		79%	67%
<b>Total</b>	<b>100%</b>		<b>100%</b>	<b>100%</b>

The TTIP and CETA agreements contain certain regulations that could affect Dutch SMEs. Dutch SMEs are divided about their expected effects of abolition or reduction of customs duties, the alignment of technical regulations and the investor-state arbitration procedures.

## **Abolition or reduction of customs duties**

- A small majority of Dutch companies believe the abolition or reduction of customs duties will be beneficial for their company (63%). This is the case for those SMEs who consider the abolition or reduction of custom duties to be important for their company (71%).
- On the other hand, 44% of the SMEs think such an abolition or reduction would pose a threat.
- Especially exporting SMEs (6 out of 10), medium-sized companies (5 to 6 out of 10) and companies with more (perceived) knowledge of trade agreements (7 out of 10) relatively often think the abolition or reduction of customs duties will both be beneficial as well as a threat.

## **Alignment of technical regulations, standards and norms**

- 47% of the Dutch SMEs expect to benefit from alignment of technical regulations, standards and norms.
- This especially concerns SMEs to which alignment of technical regulations, standards and norms is important to their company (61%).
- Moreover, 51% of the SMEs think the proposed regulatory bodies will help to improve the quality of standards in their industry.
- Nonetheless, 63% of the Dutch companies agree that such technical regulations, standards and norms should not be laid down in bilateral agreements, like TTIP and CETA. This especially concerns SMEs to which alignment of technical regulations, standards and norms are not important to their company (69%)

## **Investor-state arbitration procedures**

- 47% of Dutch SMEs consider investor-state arbitration tribunals important instruments for their company.
- However, 63% expects such arbitration procedures to favour foreign companies and might limit the government.
- Half of Dutch SMEs are concerned that extra-judicial bodies (like ISDS or ICS) undermine the rights of their company.

**Besides the expected effects, Dutch SMEs are also asked whether they consider different aspects of the trade agreements to be important to their own company. The most important aspect to SMEs is the protection of their companies own data and customer data (82%).**

- Also the protection of intellectual property is considered to be very important to the Dutch SMEs surveyed (69%). A majority of the Dutch SMEs surveyed also consider competition rules to limit market power of individual companies, access to information about requirements and conditions in foreign markets, alignment of technical regulations, standards and norms and protection of regional brand names and designations to be important.
- To half the Dutch SMEs surveyed the elimination of tariffs and quantitative restrictions (48%) and access to public procurement contracts in foreign markets are considered to be important aspects to their company (48%).
- However 47% of Dutch SMEs consider investor-state arbitration tribunals important instruments, 57% indicates that investor-state arbitration tribunals for enforcing claims to compensation of foreign companies and national companies abroad does not apply to their company.

**A slight majority of Dutch SMEs surveyed feel their interest is taken into consideration in trade deals**

- A slight majority of Dutch SMEs, 56%, feels that their interests are sufficiently considered when international trade deals, such as TTIP and CETA, are negotiated and/or agreed upon.
- Mainly medium-sized companies and exporting SMEs, feel that their interests are considered.
- On the other hand, three out of ten SMEs (29%) feel their interests are not sufficiently considered. These are more often micro and small companies.



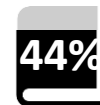
## Half of Dutch SMEs surveyed feel informed about TTIP and CETA

- The Dutch SMEs surveyed feel equally informed about the TTIP agreement and the CETA agreement. For both trade deals, 50% indicate that they feel informed.
- The TiSA agreement is a little less known among Dutch SMEs: 42% indicate that they feel informed about this agreement.
- In general, exporting SMEs and medium-sized companies feel more informed than other companies. Within companies, decision makers are the persons who feel more often informed than co-decision makers and advisors.
- Remarkably the more informed SMEs feel they are about the trade agreements, the more they both see the positive and negative effects of the agreements.
- In general, those SMEs who feel informed about one of the trade agreements are also the ones that feel more informed about the other agreement(s).
- Dutch SMEs are divided about their preferred source of information. Almost half of the companies (48%) would welcome information from the Dutch government. A quarter (26%) would welcome information from EU institutions.
- Not all companies are keen on receiving information: one fifth of Dutch SMEs (19%) would not be open to any (more) information at all. Remarkably, this opinion is more common among Dutch SMEs who also indicate that they currently do not feel informed about CETA or TTIP.

### TTIP



Of SMEs feel  
(very) informed

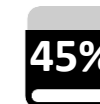


Of SMEs feel  
(not (at all)  
informed

### CETA



Of SMEs feel  
(very) informed



Of SMEs feel  
(not (at all)  
informed

**Exporting SMEs feel relatively  
more informed about trade  
agreements**





## Import:

- International trade is not that common for the Dutch SMEs surveyed. Three out of ten (29%) have costs from importing goods and/or services. Due to an oversampling of small and medium-sized companies, this average does not reflect the actual number of importing SMEs.\*
- For two thirds of these companies, these costs represent less than 40% of their total costs.
- Over half the Dutch companies (61%) do not have costs from imports and are also not planning to have. These companies are more often one-person companies.
- In general, EU member states and EFTA countries are the main suppliers of these goods. Around 70% of the importing companies in the Netherlands consider these countries fairly important at the least.



## Export:

- Exporting goods and/or services is a little more common for Dutch SMEs than importing. Of all Dutch SMEs surveyed, one third generate revenue from exports (33%). Due to an oversampling of medium-sized companies, this average does not reflect the actual number of exporting SMEs.\*
- For the majority of the companies surveyed (58%), these exports represent less than 40% of their total revenue.
- Over half the companies (59%) do not generate revenue from exports, and are not planning to do so. This is more common among SMEs with an annual turnover under 2 million euros.
- Exporting SMEs are more positive towards the potential effect of the trade agreement. These SMEs are most likely to be active in manufacturing (22%) or wholesale and retail trade (18%)
- In line with imports, EU member states and EFTA countries are the main purchasers of these goods.

*\* For the exact figures see slide 15*

## **SMEs in manufacturing are relatively positive about the effect of the trade agreements**

- SMEs in the manufacturing sector are more optimistic about the effect that trade agreements will have on their company: 42% expect a fairly to very positive impact on their company from CETA (opposed to 27% of the SMEs not active in manufacturing) and 44% from TTIP (opposed to 30% of the SMEs not active in manufacturing). These SMEs expect it would be easier to develop new foreign markets. (56% vs 38%), the purchasing of intermediate goods would improve (64% vs. 37%) and foreign direct investment would be more secure (53% vs. 34%).
- More than SMEs in other sectors, SMEs active in manufacturing point out that a majority of the areas that might be influenced by the trade agreements apply to their company. This entails non-discriminatory access to public courts in foreign markets, protection of intellectual property, protection of regional brand names and product designations, competition rules to limit the market power of individual companies, access to information about requirements and conditions in foreign markets, alignment of technical regulations, standards, and norms, elimination of tariffs and quantitative restrictions and improvement in customs procedures.
- These SMEs relatively often expect to benefit from alignment of technical standards and regulations (60% opposed to 43% of SMEs not active in manufacturing) and the abolition or reduction of custom duties (73% opposed to 44% of other SMEs).



## **SMEs in wholesale and retail expect more competitive pressure and dependency on a specific client, production chain or market**

- To SMEs in wholesale and retail who are active in foreign markets, import has a relatively large impact on the total costs.
- SMEs in manufacturing are also relatively often involved in international trade, especially exporting to foreign regions. When looking into the foreign markets, both Canada and US are of relatively less importance to SMEs in wholesale and retail than to SMEs in manufacturing.
- SMEs in wholesale and retail relatively often expect both positive and negative effect of the trade agreements. They expect it would be easier to develop new foreign markets (51% vs 38%), however they also expect a noticeably increase of competitive pressure (59% vs. 45%), relatively often expect problems in withstanding the resulting tougher competition (51% vs. 33%) and an increasingly becoming dependent on a specific client, production chain or market (44% vs. 32%).



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



As seen in the management summary, the answer to this question is not uniform. The SMEs surveyed do see a great number of opportunity's for their company. However they also see the negative side effects. This duality becomes more apparent when SMEs feel stronger informed about the trade agreements. This might indicate SMEs are hesitant or have difficulties foreseeing the actual effects of the potential trade agreements. Also medium-sized companies and exporting SMEs are most likely to see both positive and negative effects.

When looking at the different industries, the manufacturing sector and wholesale and retail sector both show slightly different reactions to the proposed agreements. Compared to the other SMEs questioned, the manufacturing sector are more often exporting goods abroad, which makes the trade agreement especially relevant to those SMEs. The manufacturing sector relatively often recognizes the potential positive effects of the trade agreements concerning technical regulations, purchasing intermediate goods and developing new markets. Whereas the manufacturing sector is confident to withstand a possible increase in competition, the wholesale and retail sector expects problems to withstand the tougher competition. The actual effect of the trade agreements will most likely differ among SMEs depending on their product or service and selling market.



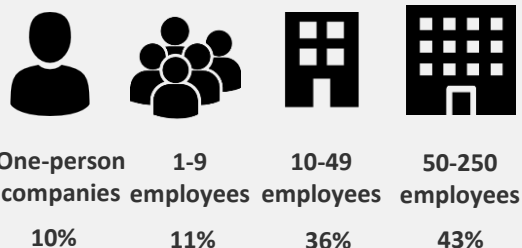


The main fieldwork was conducted in the period October 24th to November 6th 2016 (panel respondents).

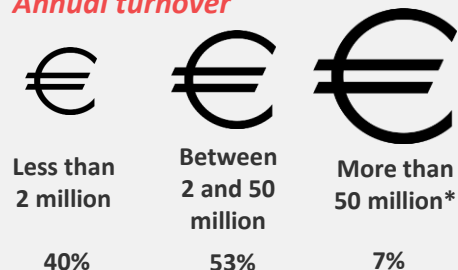
Participation via a generic link was possible into December 2016.

Total number of respondents = 566

## 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 sheet, 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	100%	90%	38%	14%	40%
Between €2 and €50 million	0%	8%	57%	73%	53%
More than €50 million	0%	2%	5%	12%	7%
<b>Total</b>	<b>No.= 57</b>	<b>No.= 61</b>	<b>No.= 207</b>	<b>No.= 241</b>	<b>No.= 566</b>

## Does this study represent the total SME population in the Netherlands?

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 classify themselves into multiple sectors. Also the numbers of the repair of household goods, agriculture, insurance, health, education and arts are not available in our information source.

Class size	Number of SMEs in the Netherlands			Survey Sample	
	The Netherlands		EU28	Survey	
	Number	Share	Share	Number	Share
Micro (0-9 employees)	1 001 954	95 %	93%	118	21 %
Small (10-49 employees)	42 766	4 %	6%	207	36 %
Medium-sized (50-250 employees)	8 828	1 %	1 %	241	43 %
<b>Total</b>	<b>1 053 548</b>	<b>100 %</b>	<b>100 %</b>	<b>613</b>	<b>100 %</b>

Sector	Number of SMEs by sectors, 2015 estimates		Survey Sample	
	Number	Share	Number	Share
Mining & quarrying	443	0,04%	4	0,7%
Manufacturing	61 280	6%	55	10%
Electricity, gas	1 199	0,1%	18	3%
Water supply, sewerage, waste management	1 519	0,1%	4	0,7%
Construction	151 641	14%	38	7%
Distributive trades	241 489	23%	68	12%
Transportation & storage	37 390	4%	31	6%
Accommodation & food services	55 137	5%	35	6%
Information & communication	86 286	8%	59	10%
Real estate	26 506	3%	12	2%
Professional, scientific & technical activities	320 158	30%	9	2%
Administrative & support services	70 500	7%	46	8%
Other (repair, agriculture, insurance, health, education, arts)	n.K	n.k.	273	48%
<b>Total</b>	<b>1 053 548</b>	<b>100%</b>	<b>613</b>	<b>100%</b>

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

GREEN = overrepresented  
ORANGE = underrepresented

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## Appendix

## - Knowledge about TiSA

## Improvement in customs procedures, elimination of tariffs and alignment of regulations are relatively important among medium-sized companies



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

- The improvement in customs procedures (resp. 74% and 75%, opposed to 39% non-exporting and 40% non-importing SMEs).
- The elimination of tariffs and quantitative restrictions (resp. 57% and 56%, opposed to 41% non-exporting and 41% non-importing SMEs).
- The alignment of technical regulations, standards and norms (resp. 71% and 73%, opposed to 51% non-exporting and 49% non-importing SMEs).

How important are the following aspects from the perspective of your company? (1)

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

**Medium-sized companies** perceive improvement in customs procedures (63% vs. 45%), elimination of tariffs (59% vs. 41%) and alignment of technical regulations, standards and norms (63% vs. 55%) to be relatively more important than smaller companies.

Improvement in customs procedures and alignment of technical regulations are especially important to SMEs in **manufacturing** (resp. 82% and 73%) and **wholesale and retail sector** (resp. 75% and 74%). Also the elimination of tariffs and quantitative restrictions are relatively important to the manufacturing sector (65%).



## The majority perceives access to information about foreign markets and competition rules to be important



**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. 75% and 73%, opposed to 47% non-exporting and 47% non-importing SMEs).
- Access to public procurement contracts in foreign markets (resp. 55% and 57%, opposed to 40% non-exporting and 39% non-importing SMEs).
- Competition rules to limit the market power of individual companies (resp. 70% and 70%, opposed to 50% non-exporting and 51% non-importing SMEs).

How important are the following aspects from the perspective of your company? (2)

Access to information about requirements and conditions in foreign markets

Total (No.=566)



Access to public procurement contracts in foreign markets

Total (No.=566)



Competition rules to limit the market power of individual companies

Total (No.=566)



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

**Medium-sized companies** perceive access to information about foreign markets (59%), competition rules to limit the market power of individual companies (59%) and access to public procurement contracts in foreign markets is a little less important (48%). to be relatively more important than smaller **companies**.

Access to information about requirements and conditions in foreign markets (84%) and competition rules (73%) are relatively important to the **manufacturing** sector.

## Protection of company data is very important to the SMEs surveyed

**Medium-sized companies** feel the protection of intellectual property is relatively important to their company: 74% feels this is fairly to very important, opposed to 65% of smaller companies.

Protection of regional brand names and product designations is relatively important to SMEs in the **manufacturing** sector (73%). The protection of intellectual property is relatively important to SMEs in the manufacturing sector (82%) as well as in wholesale and retail (79%).

How important are the following aspects from the perspective of your company? (3)

Protection of regional brand names and product designations



Protection of intellectual property



Protection of a company's own data and customer data



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



**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. 67% and 64%, opposed to 51% non-exporting and 52% non-importing SMEs).
- The protection of intellectual property (resp. 80% and 78%, opposed to 62% non-exporting and 62% non-importing SMEs).

**Exporting SMEs** feel the protection of the companies own data and customer data is relatively important to their company: 90% feels this is fairly to very important opposed to 78% non-exporting SMEs.

## Non-discriminatory access to public courts is considered to be important to more SMEs than investor-state arbitration tribunals for enforcing claims



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

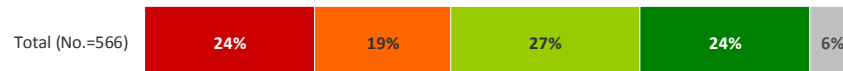
- The investor-state arbitration tribunals for enforcing claims to compensation of foreign companies and national companies abroad (resp. 49% and 50%, opposed to 29% non-exporting and 27% non-importing SMEs).
- Non-discriminatory access to public courts in foreign markets (resp. 63% and 64%, opposed to 43% non-exporting and 42% non-importing SMEs).

How important are the following aspects from the perspective of your company? (4)

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



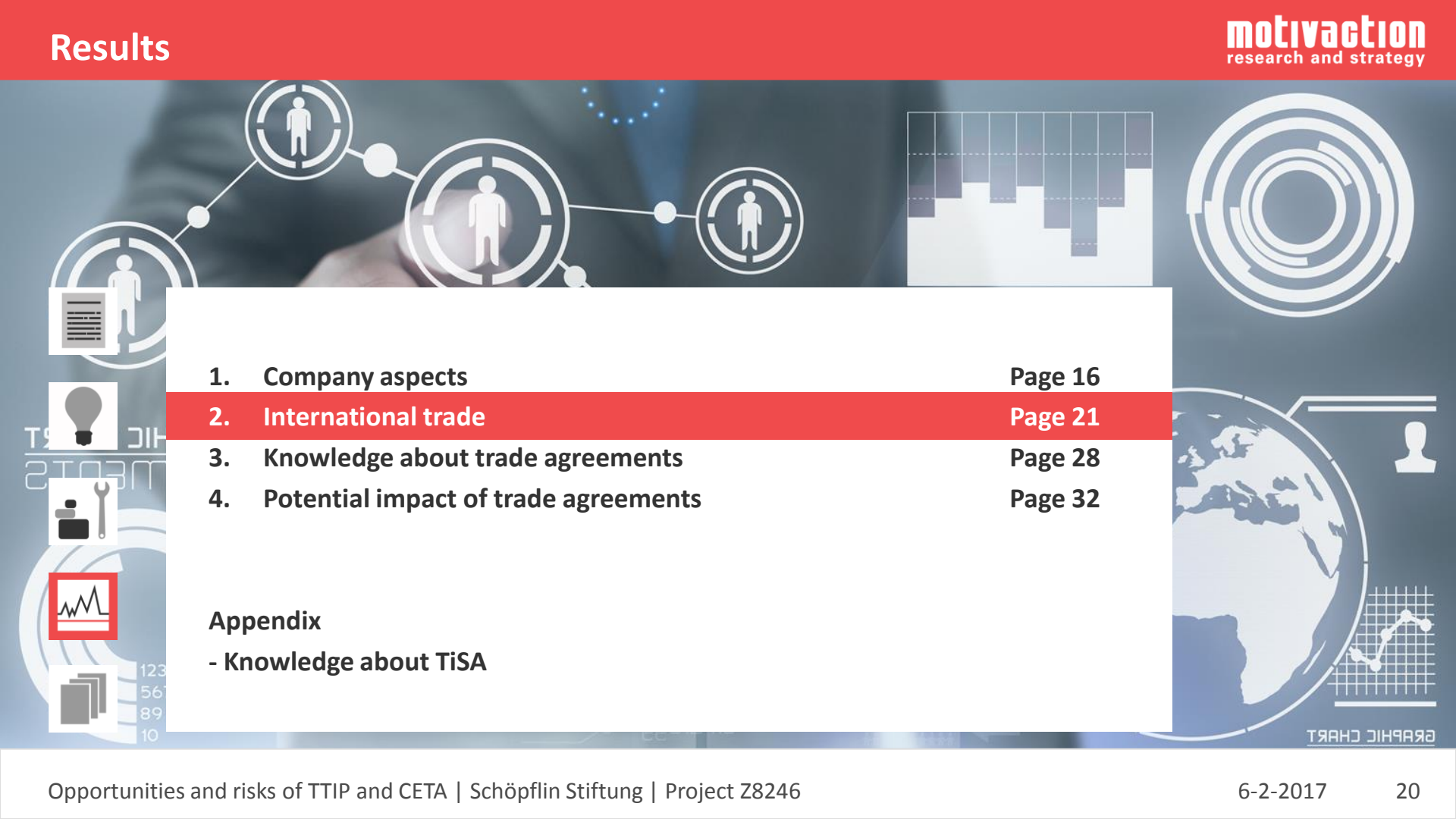
Non-discriminatory access to public courts in foreign markets



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

**Medium-sized companies** relatively often feel that the ability to turn to investor-state arbitration tribunals (46% vs. 31% smaller companies) and non-discriminatory access to public courts in foreign markets (61% vs. 43% to smaller companies) are important to their companies.

Investor-state arbitration tribunals for enforcing claims to compensation of foreign companies and national companies abroad are relatively more important to the **wholesale and retail sector** (50%).

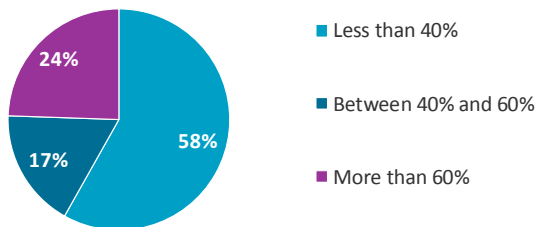
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**Appendix**  
**- Knowledge about TiSA**

Earlier in this report (slide 16) 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: 33% of the Dutch SMEs surveyed are currently generating revenue from export. For 58% of those companies, this revenue represents less than 40% of the total revenue. For almost a quarter (24%), exports represent more than 60% of the total revenue. On average, exports represent 37% of the total revenue of companies that generate revenue from exports.

59% of the companies surveyed do not generate revenue from exports, and are also not planning to do so. 8% do not generate revenue from exports currently, but are 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?  
Does currently generate revenue from export (No.=184)



SMEs surveyed in the **manufacturing sector** (75%) and **wholesale and retail** (49%) are more likely than other SMEs to generate revenue from export.

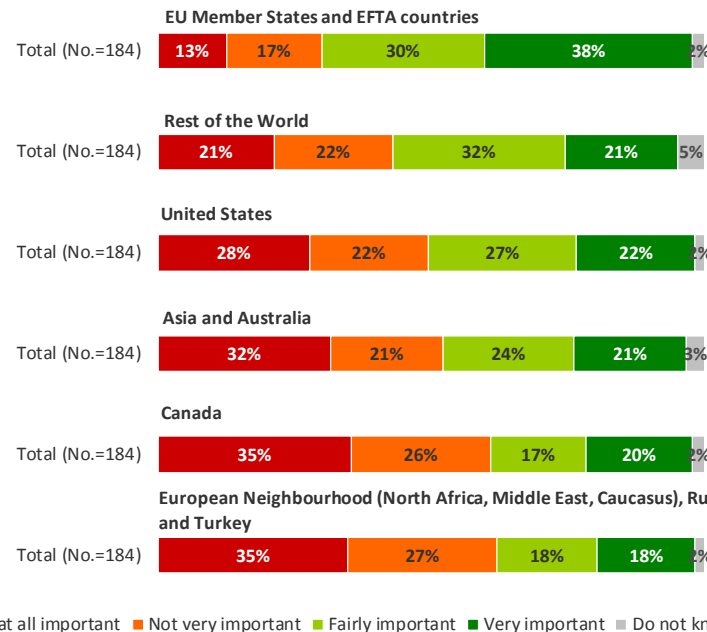
## EU and EFTA countries currently most important foreign markets for Dutch SMEs

EU member states and EFTA countries (68%) are currently the most important markets for the SMEs surveyed which generate revenue from exports. The USA (49%) and Asia and Australia (45%) are important to almost half the SMEs.

Canada and the European neighbourhood (including Russia and Turkey) are *not* that important markets for the majority of exporting SMEs surveyed, however they are important to respectively 37% and 36%.

Foreign markets, in either region of the world, are more important to **medium-sized companies** than to smaller companies: EU Member States (76% vs. 61%), European Neighbourhood (51% vs. 24%), USA (63% vs. 36%), Asia and Australia (57% vs. 33%), Canada (52% vs. 24%) and 'rest of the world' (66% vs. 40%).

What importance do the following regions currently have as markets for your products and/or services?  
(Base: currently generates revenue from export)



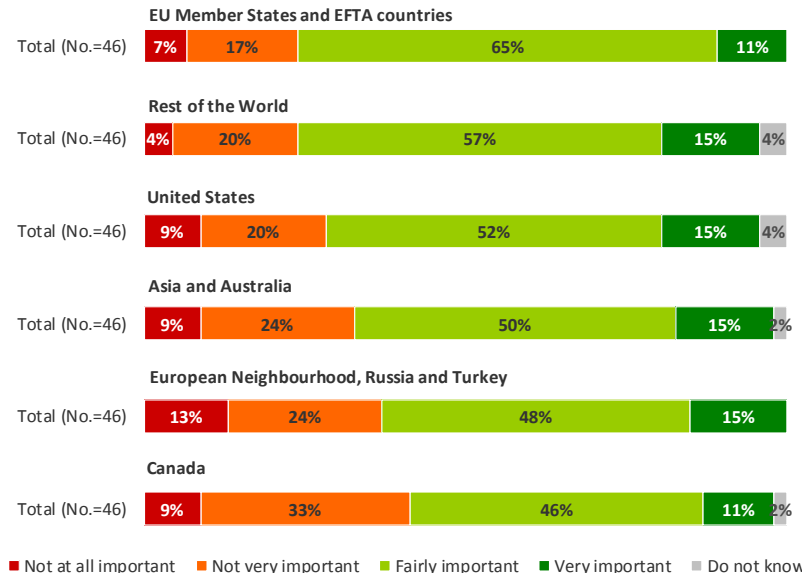
## All regions are expected to be important for the majority of companies that plan to generate revenue from exports

8% of the surveyed Dutch SMEs are planning to generate revenue from exports in the future. A majority of these companies expects all regions in the world to be important for their goods and/or services, yet EU member states and EFTA countries are expected to be the most important (76%). Canada is expected to be relatively the least important region (57%).

22% of these companies that are very knowledgeable about TTIP indicate that they do not know to what extent the USA will be an important location in the future.

*NB. The sample group size (n) is too small to make reliable statements*

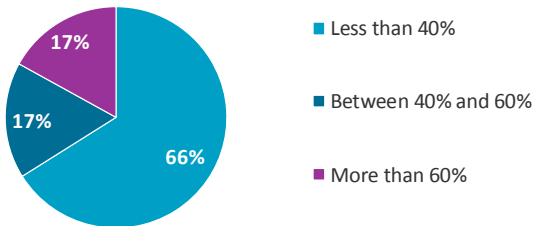
What importance do you expect the following regions to have as locations for your products and/or services? (base: does not generate revenue from export, but is planning to)



29% of the SMEs surveyed indicate that they have costs from imports (No.=165). On average, these costs represent 31% of the total costs for these companies. For the great majority of the companies that import goods and/or services, import costs represent less than 40% of the total costs. For 17% of the companies, between 40% and 60% of the costs are related to imports and for another 17%, import costs represent more than 60%.

61% of the Dutch SMEs surveyed do not have costs from imports and are also not expecting to have these costs. 10% 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)?  
Currently has costs from import (No.=165)



SMEs in the **manufacturing sector** (67%) and wholesale and retail sector (54%) are more likely than other SMEs to have costs from import.



## EU member states and EFTA countries are the most important foreign markets for importing companies

Foreign markets are more important to **medium-sized companies** than to smaller companies:

- European Neighbourhood (43% vs. 16%)
- USA (54% vs. 26%)
- Canada (42% vs. 15%)
- 'Rest of the world' (52% vs. 30%).

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

(Base: does currently have costs from import)

EU Member States and EFTA countries



Asia and Australia



Rest of the World



United States



European Neighbourhood, Russia and Turkey



Canada



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

## All regions are expected to be important by 60-70% of companies that plan to import goods and/or services

10% of Dutch SMEs surveyed are currently not importing goods and/or services, but are planning to do so. They expect all regions to be more or less equally important for their (planned) imports.

Approximately six out of ten companies indicate they expect the different regions to be important suppliers of their goods and/or services.

*NB. The sample group size (n) is too small to make reliable statements*

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

(base: does not have costs from import, bus is planning to)

### United States



### Asia and Australia



### Rest of the World



### European Neighbourhood, Russia and Turkey



### Canada



### EU Member States and EFTA countries



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

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## Appendix - Knowledge about TiSA

## 44% of the Dutch SMEs surveyed do not feel (very) informed about 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.=566)



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

Half of the SMEs surveyed (50%) feel at least fairly informed about the EU-United States Transatlantic Trade and Investment Partnership (TTIP). 11% feel very informed about the agreement. On the other hand, 44% of the Dutch companies do not feel (very) informed: 13% feels not at all informed and 31% feels fairly informed.

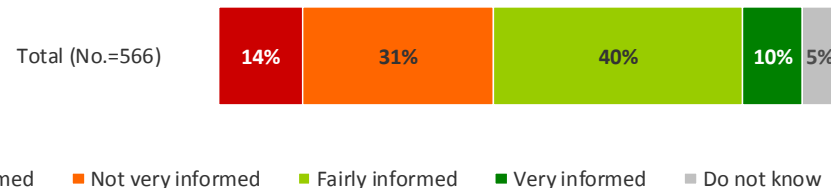
➡ **Exporting SMEs** relatively often feel fairly to very informed on the TTIP agreement (resp. 56% vs 45% of non-exporting SMEs).

**Medium-sized companies**, with more than 50 employees, feel relatively more informed about the agreement (57% feels fairly to very informed, opposed to 45% of smaller companies).

Also, companies in the **administrative** sector feel relatively more informed about the agreement (74%).

## The level of knowledge about CETA is more or less equal to the level of knowledge about TTIP

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



The extent to which the companies surveyed feel informed about the EU-Canada Comprehensive Economic and Trade Agreement (CETA) is more or less equal to the perceived knowledge about the TTIP agreement.

Again, half of the respondents (50%) feel that they are (fairly to very) informed. 45% of the respondents do not feel (very) informed about CETA.

Companies in the **administrative** sector feel relatively informed on the CETA agreement (72%)

➞ **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 64% feels fairly to very informed, Canada 67%, Asia/Australia 66%, EU 60% and EU neighbourhood 70%, opposed to 46% of non-exporting SMEs).

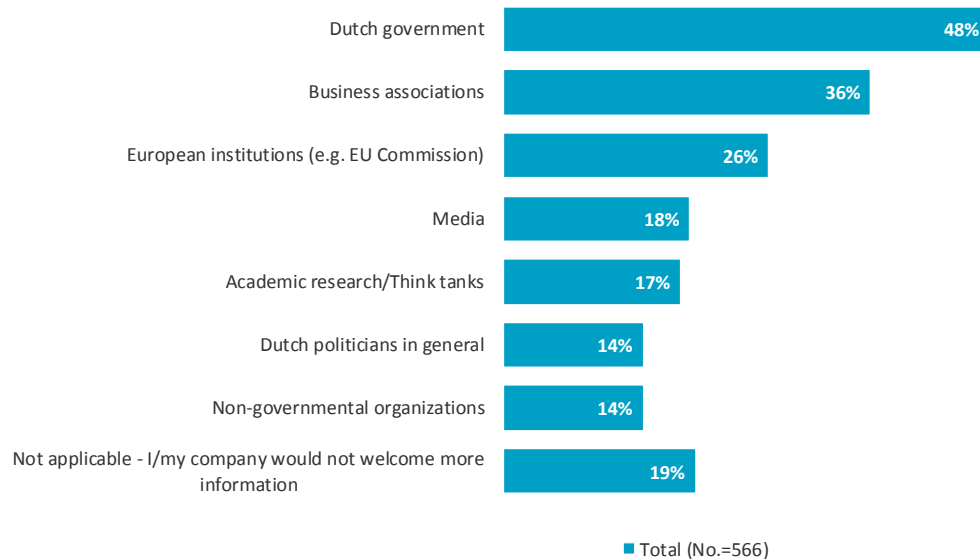
## Dutch government is the most preferred source of information among Dutch SMEs surveyed

**Smaller Dutch SMEs** (less than 50 employees) are less willing to receive information about trade agreements than **medium-sized companies**: 23% would not welcome information opposed to 14% of medium sized companies.

**One-person companies** would more often welcome information from NGOs and (academic) think tanks than bigger companies. Yet, one-person companies are the least welcoming for more information from any side.

A salient detail is that those SMEs which have the least (perceived) knowledge about CETA and TTIP are also the SMEs which would *not* welcome more information.

From which bodies would your company welcome information?



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**Appendix**  
**- Knowledge about TiSA**

## Half the SMEs surveyed expect trade agreements to increase competition from large international companies

When looking at the results on the effects of trade agreements on companies, we see that **medium-sized companies expect more competition than smaller companies**. They more strongly feel that the following statements (tend to) apply than smaller companies:

- 59% thinks there would be a noticeable increase in competition from large international companies.
- 58% thinks competitive pressure in general would noticeably increase.
- 49% thinks the purchasing of intermediate goods would improve.

Respondents with **more (perceived) knowledge about CETA and TTIP** more often expect an impact from trade agreements in terms of competition than respondents with little knowledge.

➔ **Exporting SMEs to which foreign regions are fairly to very important locations** for their products or services, relatively often feel that:

- There would be a noticeable increase in competition from large international companies (USA 66%, Canada 68%, Asia/Australia 70%, EU 61% and EU neighbourhood 68%, opposed to 41% non-exporting SMEs).
- Competitive pressure in general would noticeably increase (USA 68%, Canada 73%, Asia/Australia 69%, EU 63% and EU neighbourhood 71%, opposed to 40% non-exporting SMEs).
- The purchasing of intermediate goods would improve (USA 64%, Canada 68%, Asia/Australia 70%, EU 56% and EU neighbourhood 71%, opposed to 32% non-exporting SMEs).

Considering the potential impact of the trade agreements, which of the following statements apply to your company? (1)

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

Total (No.=566)



Competitive pressure in general would noticeably increase

Total (No.=566)



The purchasing of intermediate goods would improve

Total (No.=566)



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

40% of the SMEs surveyed expect that the purchasing of intermediate goods would improve. Especially in the **manufacturing sector** (64%). SMEs in the **wholesale and retail sector** more than other SMEs believe competitive pressure in general would noticeably increase (59%). SMEs in the **administrative sector** believe they would be a noticeable increase in competition from large, international companies (70%).



## 55% of the SMEs surveyed do not expect that developing new foreign markets will become easier as a consequence of trade agreements

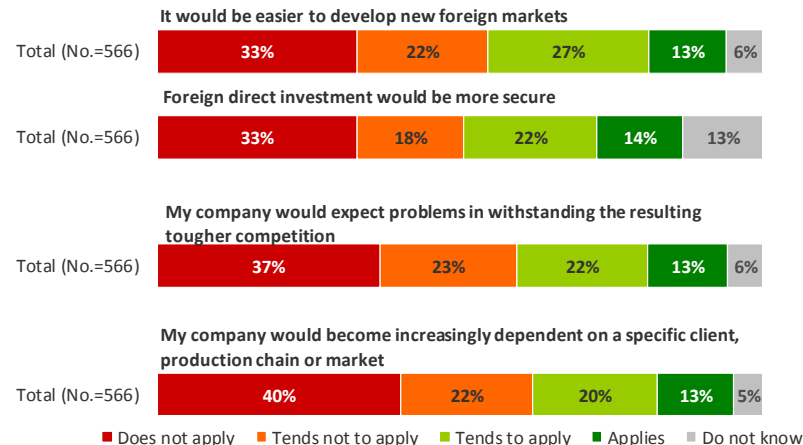


**Exporting SMEs to which foreign regions are fairly to very important locations** for their products or services, relatively often feel that:

- It would be easier to develop new foreign markets (USA 65%, Canada 69%, Asia/Australia 66%, EU 58% and EU neighbourhood 69%, opposed to 32% non-exporting SMEs).
- Foreign direct investment would be more secure (USA 61%, Canada 63%, Asia/Australia 59%, EU 50% and EU neighbourhood 63%, opposed to 29% non-exporting SMEs).
- Their company would expect problems in withstanding the resulting tougher competition (USA 53%, Canada 59%, Asia/Australia 57%, EU 46% and EU neighbourhood 63%, opposed to 31% non-exporting SMEs).
- Their company would become increasingly dependent on a specific client production chain or market (USA 58%, Canada 63%, Asia/Australia 56%, EU 43% and EU neighbourhood 63%, opposed to 29% non-exporting SMEs).

**Medium-sized companies** more often than smaller companies expect it would be easier to develop new foreign markets (53% vs. 29%), expect foreign direct investment to be more secure (47% vs. 28%), expect their company would become increasingly dependent on a specific client production chain or market (42% vs. 27%) and expect their company to have problems in withstanding the resulting tougher competition (44% vs. 28%)

Considering the potential impact of the trade agreements, which of the following statements apply to your company? (2)



Especially SMEs in the **manufacturing** believe it would be easier to develop new foreign markets (56%) and both **manufacturing and information and communication services** believe foreign direct investments would be more secure (53% and 49%).

SMEs in the **wholesale and retail** sector more often:

- Expect it would be easier to develop new foreign markets. (51%).
- Their company would expect problems in withstanding the resulting tougher competition (51%) and would become increasingly dependent on a specific client, production chain or market (44%).

## A majority of Dutch SMEs surveyed expect no impact from TTIP on their own sector or company

**Medium-sized companies** are more positive about TTIP effects than smaller companies on all domains: the Dutch economy (55%), large companies (70%), SMEs (53%), their own sector (44%) and their own company (42%).



**Exporting SMEs to which foreign regions are fairly to very important locations** for their products or services, relatively often expect a fairly to very positive effect of TTIP on:

- The Dutch economy (USA 69%, Canada 69%, Asia/Australia 61%, EU 65% and EU neighbourhood 69%, opposed to 22% non-exporting SMEs).
- Large Dutch companies (USA 77%, Canada 77%, Asia/Australia 71%, EU 76% and EU neighbourhood 78%, opposed to 59% non-exporting SMEs).
- Small and medium-sized Dutch businesses (USA 65%, Canada 66%, Asia/Australia 58%, EU 59% and EU neighbourhood 65%, opposed to 37% non-exporting SMEs).
- On their own sector (USA 62%, Canada 62%, Asia/Australia 57%, EU 51% and EU neighbourhood 57%, opposed to 24% non-exporting SMEs).
- On their own company (USA 66%, Canada 65%, Asia/Australia 62%, EU 51% and EU neighbourhood 64%, opposed to 22% 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?



Respondents who feel fairly to very **informed about TTIP** are more positive about the possible effects of TTIP on small and medium-sized Dutch businesses, their own sector or their own company.

## SMEs expect similar effects from TTIP and CETA



**Exporting SMEs** in general expect a fairly to very positive effect of CETA on:

- The Dutch economy (63%, opposed to 48% non-exporting SMEs).
- Large Dutch companies (70%, opposed to 60% non-exporting SMEs).



**Exporting SMEs to which foreign regions are fairly to very important locations** for their products or services, relatively often expect a fairly to very positive effect of CETA on:

- Small and medium-sized Dutch businesses (USA 61%, Canada 63%, Asia/Australia 55%, EU 57% and EU neighbourhood 59%, opposed to 40% non-exporting SMEs).
- On their own sector (USA 62%, Canada 63%, Asia/Australia 54%, EU 50% and EU neighbourhood 61%, opposed to 24% non-exporting SMEs).
- On their own company (USA 60%, Canada 61%, Asia/Australia 55%, EU 46% and EU neighbourhood 61%, opposed to 21% 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 large Dutch companies



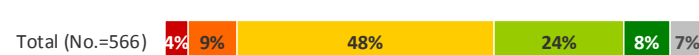
### On the Dutch economy



### On small and medium-sized Dutch 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** are more positive about CETA effects than smaller companies on all domains: from the French economy to their own company. Moreover, respondents who feel **very informed** about CETA, expect more positive effects on various levels.

## Dutch SMEs surveyed are divided about the impact of the abolition or reduction of customs duties

- ➔ **Benefits:** when looking at **exporting SMEs** the number of SMEs who think they will benefit from the abolition or reduction of customs duties slightly increases (59%). The perceived benefits increases further when looking at the **exporting SMEs to which foreign regions are fairly to very important locations** for their products or services (USA 74%, Canada 77%, Asia/Australia 71%, EU 66% and EU neighbourhood 82%, opposed to 38% non-exporting SMEs).
- ➔ **Threats:** **exporting SMEs** in general do not show an increase of the perceived threat for the abolition or reduction of customs duties (41%). However when looking at the **exporting SMEs to which foreign regions are fairly to very important locations** for their products or services they relatively often believe the abolition or reduction of customs duties will poses a threat (USA 59%, Canada 61%, Asia/Australia 59%, EU 53% and EU neighbourhood 61%, opposed to 43% non-exporting SMEs). (58% vs. 42% of non-exporting SMEs).

What effects do you expect from selected regulations in the context of new possible trade agreements? (1)

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

Total (No.=566)



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

Total (No.=566)



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

Those with more **(perceived) knowledge about CETA or TTIP** more often think that their company would benefit from the abolition or reduction of customs duties (74%) *and* that such an abolition/reduction would pose a threat to their company (65%). The same applies to **medium-sized companies**: 58% thinks they will benefit and 54% that it would pose a threat. Also SMEs in the **manufacturing** sector often think their company will benefit from the abolition or reduction of customs duties (73%)

## The majority of Dutch SMEs surveyed believe technical regulations should not be laid down in a bilateral agreement

➡ When looking at **exporting SMEs** they relatively often think their company will benefit from the alignment of technical regulations, standards, and norms (59% opposed to 35% non-exporting SMEs), the regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (57% opposed to 45% non-exporting SMEs). Especially **exporting SMEs to which foreign regions are fairly to very important locations** for their products and services, believe the regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (USA 70%, Canada 67%, Asia/Australia 63%, EU 65% and EU neighbourhood 72%, opposed to 45% non-exporting SMEs).

➡ However **exporting SMEs** also relatively often believe technical regulations, standards, and norms should not be laid down in a bilateral agreement (76% opposed to 55% non-exporting SMEs).

**Medium-sized companies** relatively often recognize the benefits stemming from the alignment of technical regulations as proposed in CETA and TTIP (52% vs. 39%) and believe the regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (62% vs. 42%).

What effects do you expect from selected regulations in the context of new possible trade agreements? (2)

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

Also SMEs in the **manufacturing** sector (60%) and **administrative** sector (61%) are more likely to think their company will benefit from the alignment of technical regulations, standards, and norms and that regulatory bodies proposed for CETA and TTIP will help improve the quality of standards (resp. 63% and 67%).

## Medium-sized companies and exporting SMEs relatively often expect investor-state arbitration procedures to favor foreign companies

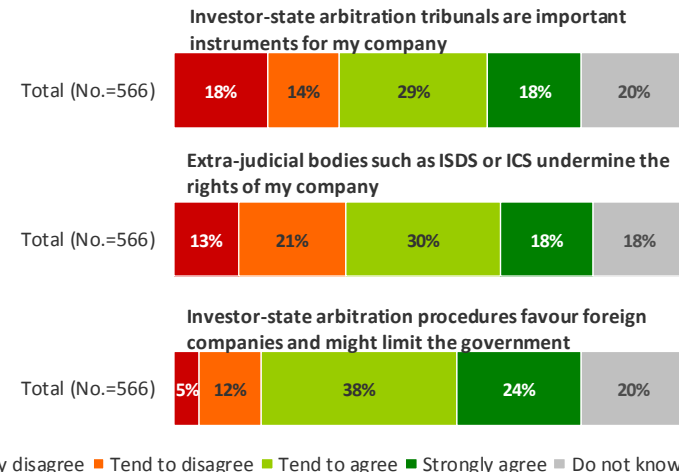


When looking at exporting SMEs they relatively often think extra-judicial bodies such as ISDS or ICS undermine the rights of their company (57% opposed to 42% non-exporting SMEs) and investor-state arbitration procedures favor foreign companies and might limit the government (68% opposed to 57% non-exporting SMEs). **Exporting SMEs to which foreign regions are fairly to very important locations** for their products and services relatively often feel that investor-state arbitration tribunals are important instruments for their company (USA 68%, Canada 69%, Asia/Australia 74%, EU 65% and EU neighbourhood 72%, opposed to 40% non-exporting SMEs).

Respondents with **more knowledge about TTIP and CETA** tend to agree more with all three statements (71%, 74% and 69%).

SMEs in the **wholesale and retail** sector relatively often expect investor-state arbitration procedures to favor foreign companies and might limit the government (74%).

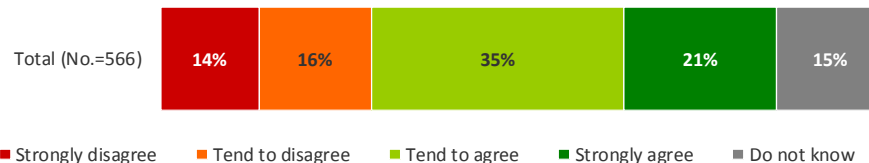
What effects do you expect from selected regulations in the context of new possible trade agreements? (3)



**Medium-sized companies** relatively often think that investor-state arbitration tribunals are important instruments for their company (56%).

A slight majority of Dutch SMEs surveyed feel their interests are sufficiently considered when agreements like TTIP and CETA are negotiated.

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



Exporting SMEs to which foreign regions are fairly to very important locations for their products or services, relatively often feel the interest of Dutch SMEs in general are sufficiently considered when international trade deals are negotiated (USA 73%, Canada 73%, Asia/Australia 70%, EU 67% and EU neighbourhood 74%, opposed to 53% non-exporting SMEs).

Medium-sized companies tend to agree more often that their interests are considered in trade deals like TTIP and CETA (63%). In line with this, companies with an **annual turnover** below 2 million tend to agree less (48%), compared to those with an annual turnover between 2 and 50 million (60%).

With regard to people's position within a company, **middle-level managers** (61%) tend to agree more that interests are considered than top-level managers (48%).

Lastly, there is a difference concerning (perceived) **knowledge about CETA and TTIP**: those who feel very informed tend to agree more that their interest in considered when trade deals are negotiated (77%).



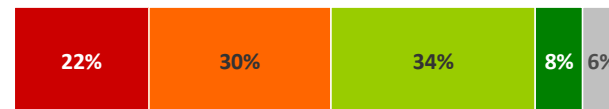




## Half of the Dutch SMEs surveyed do not feel (very) informed about the Trade in Services Agreement (TiSA)

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

Total (No.=566)



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

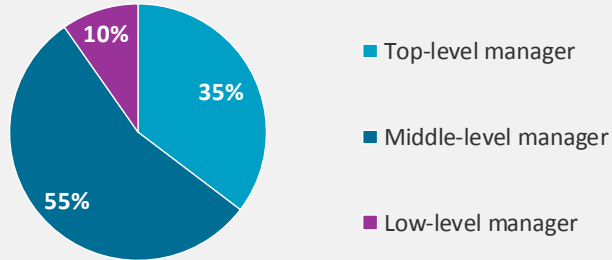
➡ **Exporting SMEs to which foreign regions are fairly to very important locations** for their products or services, relatively often feel fairly to very informed about TiSA (USA 64%, Canada 63%, Asia/Australia 59%, EU 54% and EU neighbourhood 71%, opposed to 37% non-exporting SMEs).

**Medium-sized companies** relatively often feel fairly to very informed about the TiSA (51% vs. 34%).

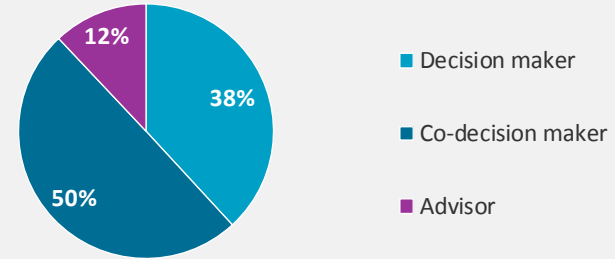
Moreover, those who feel very informed about CETA and TTIP, also feel more informed about TiSA.

## 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>

41 of the 566 companies surveyed have an annual turnover being above the SMEs threshold of 50 million Euro. However, the opinion of these 41 companies do not show any differentiating answers compared to the other companies. Excluding the companies with an annual turnover more than 50 million Euro does not lead to 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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