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A Small Business Work Plan

Recommendations for a Transatlantic US-UK SME Agenda

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Introduction

On June 22, 2022, leading members of the transatlantic small business community convened in Boston, Massachusetts for the fifth United States-United Kingdom Small and Medium Enterprise (SME) Dialogue.

Following four previous meetings over the course of 2018 and 2019 in Washington, D.C., London, New York, and Bristol, the most recent Dialogue was led by Emma Wade-Smith, Her Majesty's Trade Commissioner for North America, and Ambassador Jayme White, Deputy US Trade Representative, and co-hosted with the US Commercial Service in Boston, the Massachusetts Export Center and Massachusetts Small Business Development Center Network, the British Embassy, and the UK Consulate in Boston.

The resumption of the Dialogue after a three-year hiatus was widely welcomed by the business community who, considering the pause in official trade talks for a comprehensive US-UK Free Trade Agreement in 2020, saw the meeting as an important step towards advancing bilateral cooperation for one of the most important groups in the US-UK trade discussion: SMEs.

For nearly a decade, from the start of EU-US trade negotiations in 2013 to US-UK trade negotiations in 2020, SMEs have been rightly identified as the largest potential beneficiaries and champions of transatlantic economic cooperation. Helping SMEs turn their transatlantic ambitions into reality through closer trade and investment ties benefits not only these businesses, but also the millions of people they employ and the communities they operate in.

Small businesses were also an integral part of the US-UK Dialogues on the Future of Atlantic Trade held in March and April 2022. In the joint statement issued after the second meeting in Aberdeen, both governments emphasized their ambition to support and enhance US-UK SME trade by working to identify and overcome barriers to trade.¹

The fifth US-UK SME Dialogue in Boston renewed the momentum behind this crucial discussion by centering the issues affecting SMEs at the forefront of ongoing policy discussion and by bringing together businesses across the transatlantic corridor. Business confidence in the US-UK trade and economic corridor remains high, and the Dialogue further emphasized the potential of the US-UK economic corridor for expanding SMEs.²

With the sixth US-UK SME Dialogue planned to take place in the UK in the fall, this BAB policy paper seeks to support its preparation by turning recent discussions into a set of tangible recommendations that can help create the foundation of an SME Work Plan. Drawing on SME and stakeholder input, as well as BAB's own work over the past eight years, this paper seeks to inform the agenda for the next Dialogue meeting so tangible outcomes for SMEs can be achieved as part of the wider discussion on transatlantic economic collaboration.

State of Play

SMEs are often referred to as the backbone of our domestic economies. SMEs act as important drivers of growth and innovation, employ millions of people, and constitute the majority of economic activity in both the US and UK. In the UK, for example, SMEs represent 99% of all British companies, employ 60% of all staff, and account for 50% of turnover in the private sector.³

Both the US and the UK have long sought to support SMEs in their international expansion ambitions. Through dedicated support on the ground—often from local US Commerce or UK Department for International Trade (DIT) offices, export strategies and dedicated trade promotion initiatives—

governments, alongside private stakeholders, offer crucial assistance to the community. For example:

- The US Commercial team at the US Embassy in London has a dedicated function and team to offer advice and guidance for SMEs with interest in expanding to the US.⁴
- The US Commerce Department, through its regional offices across the US, offers a comprehensive set of introductory services and events to exporters and companies keen to expand abroad.⁵ In addition, through the International Trade Administration (ITA), the US Government offers video series that help guide US companies on their exporting journey.⁶
- DIT has local trade offices based around the UK, staffed by International Trade Advisors (ITAs) who can function as a starting point for UK exporters and investors.⁷ DIT also offers various bespoke services to SMEs, such as attending overseas trade shows.⁸
- In the US, DIT has a dedicated Director of Exports who oversees regional and sector-specific teams that guide and support UK SMEs ready to expand to North America.
- Both the US and the UK government offer flagship events, initiatives and campaigns, such as US Commerce's SelectUSA program, DIT's North America Week and International Trade Week, as well as a series of trade missions that offer SMEs valuable platforms to promote their companies and products.

These non-exclusive efforts are complemented through additional public and private institutions such as the US Small Business Administration (SBA) or UK Export Finance, which connect entrepreneurs with lenders and funding to help them plan, start, and grow their business, as well as networks such as the District Export Council (DECs), local and country-wide Chambers of Commerce, Economic Development Agencies, and foreign direct investment agencies.

Since the talks between the EU and the US on a comprehensive Trade and Investment Partnership (TTIP) agreement, BAB has played an active role in supporting a transatlantic SME agenda that can complement and feed into formal trade talks. BAB's report "Local, Specific, Tangible," produced in partnership with the US Embassy in London, the UK government and local partners, highlighted specific case studies to illustrate the way in which SMEs are disproportionately affected by trade barriers and to make the case that

From left to right: BAB's Chief Policy and Trade Officer Emanuel Adam; Anthony Balladon, Phoenix Tailings; Jody Robie, Talent Works; Richard Buck, EOM Offshore, LLC during a panel discussion at the UK-US SME Dialogues in Boston, 2022



both SMEs and our economies benefit if existing trade barriers were to be removed.⁹

SMEs have been the focus for BAB and many other relevant transatlantic stakeholders in their calls for closer US-UK cooperation, reflected in several campaigns and reports, such as “Across the Pond,” “Champions of Trade,” and “Growing US.”¹⁰ The report “Making A Difference – How a US-UK Free Trade Agreement Will Deliver for SMEs Across the UK,” published in 2021, highlighted how trade promotion focusing on SMEs needs to be an integral part of bilateral trade talks.¹¹

The US and UK governments have formally reflected this request through the creation of the US-UK SME Dialogue, with five meetings having taken place to date in Washington DC (2017), London (2018), New York (2018), Bristol (2019), and Boston (2022). These Dialogues, a tool often used in international trade cooperation, seek to identify opportunities and build meaningful bridges for small businesses on both sides of the Atlantic, while also informing the SME chapter as part of a future FTA.¹²

Formal talks between the US and UK in 2020 led to the draft conclusion of a dedicated SME Chapter, although FTA talks came to a halt that same year with the change in government in the US. In 2022, the US and the UK established the US-UK Dialogue on the Future of Atlantic Trade, with a dedicated workstream for government and stakeholders to discuss small businesses in the context of the broader US-UK trade agenda. The resumption of the US-UK SME Dialogue was a direct result of the fruitful meetings that took place in Baltimore and Aberdeen.

In a joint statement issued shortly after the Dialogue meeting in Aberdeen, Ambassador Katherine Tai and Secretary of State Anne-Marie Trevelyan directed their teams to develop an ambitious roadmap which would deliver economically meaningful outcomes.¹³ In June 2022, BAB published a policy paper outlining what such a roadmap could look like, including on the future of US-UK SME collaboration.¹⁴

Recommendations for a Transatlantic US-UK SME Agenda

In the April statement, the following objectives are listed to support and enhance US-UK SME trade, including:

- Collaborating to identify and overcome barriers to trade.
- Focusing on trade facilitation for SMEs.
- Sharing and promoting best practice.
- Working together on activities to promote and support SMEs, including those owned by under-represented groups and women entrepreneurs, and those in disadvantaged communities.

There are currently several productive conversations happening among key stakeholders as to how best to achieve these objectives. What makes these conversations unique is the fact that a) the US-UK SME Dialogue has been established before a formal FTA has been negotiated and b) that it looks at objectives that can be addressed outside an FTA.

A successful US-UK SME agenda should therefore include work streams that help inform bilateral regulatory discussions and future FTA talks, but also identify a set of trade promotion activities that can be overseen and/or spearheaded by the forum.

With regard to the latter point, it should be emphasized that a lot of good work is already being done and offered to SMEs by governments; but we hear that SMEs are often unaware of the support that is available to them, find it difficult to access the support, or that the support that is offered is not what the

company is looking for. We know that not every SME is as well organized and self-reliant as they could be but bearing this in mind, the US-UK SME Dialogue work should be used to look at how best to promote the available support.

Furthermore, it should be recognized that government's role in trade promotion support, while crucial, is and must be, limited in scope. The US-UK SME Dialogue process can help structure, oversee and align trade promotion support as a complement to respective business efforts and private sector mechanisms. It is clear that the first responsibility when it comes to planning business expansion rests with the businesses themselves.

Finally, the broader scope of work that touches trade negotiations as well as trade promotion considers that the responsibility for implementing this agenda may sit across different government departments and teams in both governments. The US-UK SME Dialogue process should therefore aim to help establish processes that facilitate responsibility and leadership across various Departments and teams.

1. Joint Set of Principles for Future US-UK SME Cooperation

Building on the joint statement from April 2022, we propose the development of a joint set of principles that:

- Promotes cooperation between the parties' small business support infrastructure.
- Identifies tangible objectives for future US-UK SME collaboration.
- Reflects the common goal to promote SMEs owned by under-represented groups including women, youth, indigenous peoples, and minorities.
- Defines stakeholders and scope of work (see below).
- Encourages the sharing and promotion of best practice.

From left to right: Ayesha Ibrahim, Honey Corn; Angela Spang, June Medical; Sandra Murphy, Equidiet at the US-UK SME reception at Lancaster House in London



2. Permanent mechanisms for government and stakeholder engagement on US-UK SME trade

We propose the establishment of permanent mechanisms for government and stakeholder engagement on US-UK SME trade. This should include:

- Expanding the US-UK SME Dialogue to a regular, bi-annual event.
- Creating a new US-UK SME expert advisory committee to better integrate SMEs and their concerns into the broader US-UK trade agenda. The US-UK SME expert advisory committee would be responsible for assessing the current trading landscape and issuing policy recommendations in advance of Dialogue meetings. The US-UK SME expert advisory committee should include government, business (large and small), and stakeholders from the wider trade promotion community, such as Export Centers and Economic Development Agencies.
- The aforementioned stakeholders should also be the key audience for future US-UK SME Dialogue meetings.

3. Joint report on the barriers faced by SMEs when trading across the Atlantic

With reference to the United States International Trade Commission Report on trade-related barriers affecting exports of US SMEs to the UK¹⁵, the US-UK SME expert advisory committee should collect, and review barriers faced by SMEs when trading across the Atlantic.

Depending on resources allocated to the task, a joint report could be considered that:

- Integrates previous work and research on SME trade.
- Reflects current barriers encountered by SMEs when trading across the Atlantic.
- Makes recommendations how best to address them as part of US-UK SME trade cooperation.

4. Resources for SMEs

We encourage both governments to use the US-UK SME Dialogue platform to promote existing support mechanisms available to SMEs as well as upcoming initiatives spearheaded by government. Specific areas of action could include:

- An update to the current 'Doing Business in the US and the UK – Resources for Small Business' booklet to reflect new initiatives, resources, and contacts in both countries.¹⁶ The brochure should also set out what support is available through government but also its limits. To note, BAB produces an annual Trade and Investment Guide for companies seeking to expand across the Atlantic.¹⁷ Efforts in the area can and should be integrated where possible.
- A specific set of joint communications around the bi-annual SME Dialogue process that informs stakeholders and the wider community about existing and new trade promotion initiatives and programmes, such as flagship events, trade missions and resources.
- A review and potential update of public-private cooperation in the area of SME export promotion, building on and expansion of existing partnerships, such as the SelectUSA Investor Guide.¹⁸
- The review and integration of resources into existing Government online sources, such as the [Opportunities for businesses outside the UK - great.gov.uk international](#). On that note, we are also aware of efforts by the UK Government to establish an online investor hub and very much welcome those efforts.

5. SME-focused campaigns

We propose government support for, and the initiation of, specific campaigns that:

- Help promote trade and investment across the Atlantic. New initiatives should be coordinated with relevant stakeholders to ensure alignment and efficient use of resources and networks.
- Celebrate success stories, for example through linking efforts with the existing BAB [Transatlantic Growth](#) campaign.
- Raise awareness of available resources, initiatives, and contacts.
- Focus on specific trading issues highlighted by the SME community, such as challenges around finding local and international staff that can support the business expansion.

Conclusion

In the lead up to the next US-UK SME Dialogue in the UK this fall, there is a window of opportunity for governments to create an actionable SME agenda that will deliver for both countries' people, businesses, and economies. As the most recent meeting in Boston demonstrated, there is widespread support and enthusiasm amongst SMEs for deeper transatlantic economic collaboration.

BAB's specific recommendations illustrate what such a work plan could look like. Drawing on existing work, research, and stakeholder input, we propose the establishment of joint principles for future US-UK SME cooperation, permanent mechanisms for government and stakeholder engagement on US-UK SME trade, joint reporting on the barriers faced by SMEs when trading across the Atlantic, specific resources for SMEs, and SME-focused campaigns as tangible items of a future Work Plan.

Delivering on such a Work Plan will strengthen and inform wider US-UK trade talks, keep SMEs at the heart of transatlantic economic cooperation, create US-UK leadership on an SME agenda, and most importantly deliver to companies who want to make the transatlantic corridor part of their growth plans.

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We actively promote trade and investment and support those who make the transatlantic corridor part of their business growth ambition.

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