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## ASSISTANT SECRETARY OF COMMERCE MICHAEL C. CAMUÑEZ MARKET ACCESS AND COMPLIANCE

### TEC SME Workshop Opening Session

White House Conference Center

Monday, December 3, 2012

Washington, DC

*As prepared for delivery*

#### Introduction

Good morning, and welcome to Washington. I'd like to begin by thanking Ambassador Miriam Sapiro, Director General Daniel Calleja, and many others for their leadership and the excellent work that they have already done, working in conjunction with our team at Commerce, to lead this TEC SME Workshop, which has helped to elevate the importance of Small and Medium Sized Enterprises (SME) engagement in the broader transatlantic dialogue in the Transatlantic Economic Council (TEC).

I concur fully with Ambassador Sapiro and DG Calleja's remarks concerning the important role that SMEs play in trade and job creation and that they are the economic engine of both the U.S. and the EU. And the Department of Commerce fully supports and will continue to engage in the ongoing discussions under the High-Level Working Group (HLWG), and other initiatives, to promote SME interests in the process.

I want to focus my very brief remarks today on the Department of Commerce's views about how we can advance and accelerate our engagement on issues of specific concern to SMEs as we look to 2013 and beyond.

And my main message—and the main goal of the Department of Commerce—is to stress the importance of moving from what has been a very important and helpful stage focusing principally on information exchange to one that is focused on implementing specific cooperative activities and initiatives that will tangibly benefit SME trade and innovation in both the U.S. and EU markets.

#### Memorandum of Understanding (MOU) between ITA and DG Enterprise

A first step in that direction is the signing that will occur today of an MOU between the International Trade Administration (ITA) and DG Enterprise (DGE). Our expectation is that this MOU will be a key vehicle for concretizing our joint efforts, and I'm delighted to be signing the MOU today on behalf of ITA with my good friend and *estimado amigo* Director General Calleja.

As you know, the MOU grew out of last December's TEC meeting, where we were jointly asked to deepen efforts to support and promote SME engagement in Transatlantic trade. Following that directive, Commerce's then Deputy Secretary Blank and DG Enterprise's Commissioner Tajani formalized a Letter of Intent to establish this MOU and the joint working group that will support it.

Our overall objective is to better link specific resources of ITA with the resources of DG Enterprise's Enterprise Europe Network (EEN) in order to identify mechanisms that will enhance SME trade and to address the specific trade promotion, market access, and trade financing challenges that SMEs face. We will immediately begin working to formalize a work plan to drive these collaborative efforts.

While an important focus of our efforts under the MOU will be exploring how to better collaborate on sector-specific and other trade promotion initiatives, we envision a comprehensive effort that will endeavor to address a wide range of concerns affecting SME trade.

#### Key Initiatives Affecting SME Transatlantic Trade

Our goal is to work collaboratively with DG Enterprise to quickly formulate a work plan and constitute an appropriate working group to advance a robust agenda coming out of the MOU we'll sign today. As we finalize that work plan, we will also continue to build on ongoing and new efforts to support SMEs and to address the unique challenges that they face in the market.

We want to work closely with the private sector to better understand the trade promotion, trade finance and market access challenges SMEs are facing—especially those SMEs that are at the forefront of introducing innovative and transformative products and services that are bona fide engines of job creation. We realize that SMEs do not have the resources nor the time to wait for what has become an increasingly slow and sometimes lethargic process for handling issues in our respective bureaucracies and regulatory bodies. SMEs need governments to provide solutions to their market access problems in terms of months, not years. If we want to effectively help SMEs, we need to find ways to obtain results more quickly than many current processes allow.

So let me touch on just a couple of areas the Department is currently focusing on, including specific initiatives that we think are ripe for attention, either under the MOU or in our existing bilateral engagement, which will be addressed more fully in the presentations you will be hearing and discussing over the next two days:

##### *Enhancing SME IPR Protection*

The bedrock of innovation is robust protection of the intellectual property that is at the heart of any innovative company. SMEs, in particular, are especially vulnerable to IPR infringement but often lack the necessary resources, awareness, and, sometimes, expertise that is required to protect themselves from infringement as they engage in new and emerging markets.

We are very pleased with the ongoing cooperation between the Department of Commerce, the U.S. Trade Representative (USTR), and DG Enterprise to strengthen the capacity of our SMEs to protect and enforce their IPR in foreign markets

through the IPR Working Group. To date, we've undertaken some important steps, including creating the Transatlantic IPR Portal, which we view as a model of how we can cooperate to share resources for the benefit of SMEs on both sides of the Atlantic.

As both the U.S. and the EU seek to promote greater SME trade in third markets, there is more we can do together to educate, protect, and support transatlantic SMEs on the IPR front. Our hope is to work collaboratively with DG Enterprise on developing a common template for our various third market IPR toolkits that both the U.S. and EU have developed. A uniform model will make it easier for our SMEs to navigate these valuable resources, create greater certainty and awareness, and ultimately empower and protect SMEs and their IPR more effectively. We hope the development of harmonized IPR tool kits may be yet another concrete deliverable for 2013.

#### ***Supporting SMEs on Standards and Regulations***

You've already heard Ambassador Sapiro describe our joint efforts on standards and regulatory cooperation. We know that challenges in this space impose especially heavy burdens on SMEs, given their size and relative lack of resources. SME access to the EU standards setting processes is a well-known challenge, and one that I know is the subject of ongoing discussion both in the HLWG and in other contexts.

But apart from this issue, SMEs face other challenges as well in this space. Innovative SMEs that are developing and introducing next generation products and services often find that they don't fall neatly within existing standards and regulatory frameworks. This was a problem specifically identified by industry when we solicited feedback through the Federal Register for the High-Level Regulatory Cooperation Forum (HLRCF) late last year.

The challenge arises when innovative products are developed that aren't yet regulated or for which industry standards have not yet been adopted, either for the product itself or for new and innovative components of existing products, methods, or services. U.S. companies can face significant market access challenges in obtaining an appropriate CE mark, even if the product is deemed safe in the U.S. Currently there's no effective mechanism in place to address or resolve these issues.

During the standards panel, Commerce will feature an SME named, Polyguard, which has a new and innovative pipeline coating product for which it has had problems obtaining an EU CE mark. Polyguard is a 2010 recipient of the Presidential Export Achievement Award. The company will be presenting information on this type of challenge and will be asking the U.S. and EU to establish an appropriate mechanism to help innovative SMEs deal with these standards and regulatory problems. I look forward to working with DGE to explore how to address this challenge.

#### ***Enhancing SME Access to Finance***

In the past year, this SME Conference has spent considerable time exchanging information on trade financing options, bringing interested government and private sector representatives together to talk about the latest and most realistic options for SMEs.

We want to now extend that discussion to consider practical mechanisms that specifically address the financing needs of SMEs. Accordingly, we have organized a panel for this afternoon that will explore how the concept of "crowdfunding" might be leveraged to promote SME trade.

I suspect many of you in the room are familiar with the concept of crowdfunding and have likely heard of platforms like "Kickstarter" and "Indiegogo."

Crowdfunding holds significant promise, but it might also pose particular challenges that may require appropriate regulatory oversight. However, neither the U.S. nor the EU has yet adopted an approach to regulating this space. It thus represents an important opportunity for "upstream" regulatory cooperation in the trade finance space. The Department of Commerce seeks to encourage both sides to maintain an open dialogue with the goal of minimizing divergence in any potential future regulation. Early and ongoing dialogue should help us ensure SME access to crowdfunding as this innovative financing tool evolves in a manner that truly promotes SME innovation, job creation, and growth.

#### ***Leveraging TIAP Cluster Mapping to Promote SME Trade***

Another important area of focus and collaboration envisioned for 2013 concerns efforts to better link SMEs to known regional innovation and manufacturing clusters on both sides of the Atlantic. As you are likely aware, Commerce and DGE have been working extensively together under the umbrella of the TEC's Innovation Action Partnership to develop regional innovation cluster maps and transatlantic linkages between them. This effort will be discussed further on Tuesday morning.

Given the sheer size of the transatlantic market and bilateral trade and investment flows, devising effective ways to link our regional innovation clusters will pay significant dividends in terms of jobs and growth.

We believe that our joint efforts on cluster mapping will especially benefit innovative SMEs, who will be able to partner with research institutions, suppliers, customers and competitors located in innovation clusters on either side of the Atlantic.

In 2013, we'll be exploring how to specifically link up and support SMEs with the Cluster Mapping initiatives taking place under the Transatlantic Innovation Action Partnership.

#### ***Supporting SME Internationalization Through the Trade Agreements Compliance Program***

Part of Tuesday's agenda will focus on the Internationalization of SMEs and helping them to gain better access to foreign markets. The Commerce Department's Trade Agreements Compliance Program provides companies with a one-stop "trade complaint center" that makes it easy and inexpensive for American firms to get the U.S. Government to focus on reducing or eliminating the foreign trade barriers that obstruct their market access abroad.

The Program has a number of self-help tools on its website that are specifically tailored to helping SMEs. The website also includes the texts of more than 250 U.S. trade agreements.

We have a brochure available as a handout, and John Liuzzi of my staff will provide more details about this program during his presentation on the final panel tomorrow.

The International Trade Administration, U.S. Department of Commerce, manages this global trade site to provide access to ITA information on promoting trade and investment, strengthening the competitiveness of U.S. industry, and ensuring fair trade and compliance with trade laws and agreements. External links to other Internet sites should not be construed as an endorsement of the views or privacy policies contained therein. This site contains PDF documents. A PDF reader is available from Adobe Systems Incorporated.

***Promoting SME Trade in Innovative Sectors: Advanced Manufacturing and Innovation in Chemicals Management***

Finally, I want to close my remarks by highlighting a new cooperative project that, while not formally on the agenda for this conference, is another example of ongoing efforts to support transatlantic trade that benefits SMEs.

Director General Calleja and I have recently agreed to explore a new initiative to promote transatlantic trade in the advanced chemical manufacturing and management sectors. SMEs in particular are significant innovators and a source of new and bold ideas in advanced chemicals manufacturing.

As with other emerging technology sectors—including the e-mobility sector where we have done a lot of good work together—the challenge we face is to bring our regulatory and standards setting bodies together with the scientific community in the early stages of product development. The challenge is to ensure everyone is on the same page and has the same information at the earliest stages of emerging technology. This is our best path to minimize divergence between U.S. and EU regulatory and standards approaches, because minimizing divergence makes doing business easier for SMEs.

In 2013, we will launch cooperative work on Advanced Manufacturing and Innovation in Chemicals Management, which I hope will become a model for upstream U.S.-EU collaboration in support of the newest of emerging technologies.

**Conclusion**

The MOU represents a significant step forward on joint trade promotion efforts, and a commitment to institutionalize support for SMEs in transatlantic trade. It will also ensure that we continue to focus our support for SMEs and integrate SMEs into a wide range of trade policy and promotion initiatives.

In closing, I'd like to put in a plug for increased SME participation in the Industry Trade Advisory Committees (ITACs) run jointly by Commerce and USTR. There are sixteen ITACs, including an ITAC on Small and Minority Business, and these committees serve as an important link between industry and government. The industry representatives who serve on these committees provide advice to the Secretary of Commerce and the USTR, or their designees, by identifying market access problems and trade issues that hinder business.

The United States is one of a few countries to have a fully-developed trade advisory committee system, and they are our "secret weapon" during trade negotiations and in the development of U.S. trade policy.

Currently, we have approximately 325 industry trade advisors serving on our sixteen ITACs, and we very much would like to increase the number of industry representation on the Committees...especially by SMEs that are engaged in international trade.

If any of you are interested in learning more about the ITAC program or are interested in becoming a trade advisor to the United States, further information can be found on the ITAC web site.

Thank you

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