The Backbone of the Western Economy:

A Proposal for EU-US SME Collaboration

Five actions to strengthen the participation of SMEs in the areas of technology, trade, and standardisation.

Executive Summary

This document lays out a list of actionable steps that can help implement the objectives of the EU-US Trade and Technology Council (TTC). The proposal aims to enhance Western SME collaboration and help small-and-medium enterprises seize trade and investment opportunities. We take stock of our past experiences on SME policy, innovation and advocacy to formulate these actions.

We propose the following activities to ensure concrete, practical, and efficient manifestation of the EU-US SME collaboration:

Activity 1 – Develop a transatlantic SME strategy on technology that sets priorities for collaboration based on common strategic objectives and democratic values.

Activity 2 – Collaborate on building SME capacity on standardisation by training and preparing a pool of SME experts to participate and lead Standardisation Technical Committees at both a European and international level.

Activity 3 – Establish sectoral Working Groups involving ICT SMEs from the EU and US, as well as their representative associations, to pursue the objectives of the SME strategy.

Activity 4 – Launch joint communication and dissemination campaigns to give greater visibility to SMEs' sustainable digitalisation solutions.

Activity 5 – Establish an EU-US Tech SME Alliance as a single access point for SMEs to direct their concerns, share experiences, and unify efforts to improve fairness and competition in digital markets. It can also serve as an intermediary for both SMEs and SME representative associations based in other regions.

The backbone of Western economy

The EU has clearly expressed its intention to work closely with like-minded nations[1] on trade and technology. On this basis, we would like to present a proposal for closer collaboration between EU-US Tech SMEs. The goal is to strengthen the participation of small-and-medium enterprises in the critical domains of technology and trade. To do this, we also need to improve the representation of SMEs in the regulatory and policy domains.

SMEs are the backbone of the European and American economies. In the EU, they represent 99.8% of the Single Market. In the US, they account for two-thirds of new private sector jobs in recent decades.[2] A strong digital SME sector can deliver increased prosperity at both sides of the Atlantic. SMEs that export tend to scale-up faster and create more jobs. Their innovative products help us advance democratic approaches to technology and standards across the world. Moreover, these small-sized innovators can foster competitiveness and multiply incentives for innovation in the market. As a result, SMEs in both Europe and the US are natural drivers of an open, democratic and competitive tech ecosystem. They offer consumers with more choices and more innovation. At the same time, they help our societies advance open and democratic standards. It is time we support SME innovators by increasing their participation in our economies and our decision-making processes.

Common strategic objectives

The strategic objectives of the TTC outline the need to deepen transatlantic trade relations based on democratic and shared values. In this effort, SMEs are crucial stakeholders. A closer collaboration between EU-US tech SMEs would help strengthen bilateral ties in the following areas:

- **Entrepreneurship: Towards a Transatlantic Ecosystem**
  We welcome the work of the TTC's Working Group 9 on *Promoting SME Access to and Use of Digital Tools.* However, a successful strategy towards technological innovation goes far beyond mere access to digital tools.

  SMEs need to engage in a long-term process to become themselves masters of technologies and masters of innovation. Independent technology companies on both sides of the Atlantic, especially small and medium-sized ones, seek to support their SME clients and accompany them in a successful digital transformation journey. They strive to keep technologies open and interoperable, so that every business can evolve and innovate according to their own needs.

  Only a dynamic ecosystem of independent technology companies will be able to support SMEs of all sectors throughout this process and help advance the sustainable digitalisation of companies of any size. Therefore, a stronger EU-US tech SME ecosystem would greatly contribute to our economies' competitiveness.

[1] The European Standardisation strategy emphasises cooperation with like-minded global partners who share the EU's social, environmental, and ethical values. The EU and US have shown to be aligned on most domestic and geopolitical affairs, which has historically facilitated their cooperation.
[2] Bureau of Labor Statistics, Business Employment Dynamics

When given enough time, resources, and facilities to build sectoral coalitions, SMEs have proved their ability to become innovators, as exemplified by the experience of the smart lifts SME industry. This shows how a strong ecosystem of independent technology SMEs can be built, so that they accompany their clients in their digital transformation journey and eventually support the sustainable digitalisation of all industries.

- **Sustainability**

  Most of today's cutting-edge technologies have the potential to deliver positive environmental impact due to their ability to improve energy efficiency. This is for example the case of AI applications that are used for predictive maintenance. Those same technologies have the potential to be harnessed in the fight against climate change, for example by helping optimise the use of natural resources in agriculture, transportation or manufacturing. Good examples of these practices can be found in the initiative for blockchain-based textile-tracing solutions for greener sources, or the green digital solutions project.

  The EU has shown its commitment to make sustainability a transversal axis in its legislation – for instance, by adding the do no significant harm principle as a pre-condition of investment and reform expenditures under the Recovery and Resilience Fund (RRF). This is a key opportunity for SMEs to join forces and get ahead in terms of sustainable practices and indicators vis-à-vis the larger companies in the ecosystem, who implement reforms at a much slower pace.

- **Privacy**

  SMEs have the chance to foster very significant changes in the realm of privacy, fuelling a race to the top where they stand out and lead by example.

  In order to fully profit from this differentiating factor, it is necessary to improve the clarity and accessibility of the legal and ethical frameworks in place worldwide, be it regionally, domestically or transnationally. These range from specific US states' regulations – most saliently the California Consumer Privacy Act (CCPA) – to the comprehensive General Data Protection Regulation (GDPR), the US-EU-Switzerland Privacy Shield, and the rest of the blossoming architecture being crafted within and between all continents.

  Among these, the CCPA sets a promising precedent in establishing very clear guidelines that exempt small business from having to comply with the most stringent requirements. However, there is still a lot of room for uncertainty due to the evolving nature of such schemes, and the need for necessary improvements in communicating, supporting and clarifying how all kinds of businesses must comply, as well as in finetuning and adapting the obligations so that they take into consideration the scale, scope and possibilities of each enterprise.

- **Technical Standards**

  Technical standards have become a new field of geopolitical competition. They can lower barriers to trade, limit compliance costs and help SMEs expand into new markets. The case of oneM2M IoT standards in the Indian market is indicative. Moreover, the core principles and values that underpin

technical standards can define the evolution of technology. Market-led and open models of standards can act as shields against the proliferation of state-led digital authoritarianism.

All in all, there is a need for Western consensus on standards. SMEs at both sides of the Atlantic should be at the forefront of this effort. Technical standards can further enable the digitalisation of SMEs and their expansion to global markets. It's therefore no surprise that it is precisely on standards that the TTC makes explicit reference to SMEs, alluding to the need to include them in standard-setting (TTC's WG1).

Despite their importance, SMEs are under-represented in standard-setting processes. This leads to technical standards that are non-practical and overly expensive. Active participation of SMEs in standard-setting can help us avoid a one-size-fits-all approach. This will make technical standards accessible to SMEs and, in turn, promote the universal consolidation of open and democratic standards.

Another important aspect is coordination. The standards-making process is often based on national contributions. For example, the International Standardization Organization and the International Electrotechnical Commission have created technical committees which are composed by their national standards bodies. Multinational companies that want to influence the standards-making process can make use of their presence in multiple countries.

On the contrary, SMEs lack the information necessary to coordinate their positions and influence the standards-making process. As a result, international associations can play an important role in coordinating the positions of SMEs and devising joint strategies to increase the influence of SMEs in standards-making process in different countries.

All of this can't be achieved without the thoughtful inclusion of SMEs. It is thus of primary importance that these actors are granted the attention and support that they deserve – for their own sake as much as for that of the rest of society.

About the European DIGITAL SME Alliance

As a representative of more than 45,000 SMEs unified in 15 national European SME associations, DIGITAL SME is an ideal partner to the project. Through its advocacy work in all areas of digital policy and regulation, and thanks to its active presence in technical committees such as ISO/IEC, IEEE, ENE-CENELC, and ETSI, DIGITAL SME has been able to achieve decisive strategic successes for SMEs in the area of digitalisation. For a closer look at our network and the projects we are involved in both at a European and international level, see Annex I.

Annex 1: Global Technical Committees

The list below contains technical committees developing standards in relation with the policy objectives of the European Commission. Although non-exhaustive, it features many of the priorities for the European Commission's Rolling Plan on ICT Standardisation. It could represent a good starting point to which other topics can continue to be added according to any newly identified priorities.

1. Data economy a. ISO/IEC JTC 1/SC 32: Data management and interchange b. ISO/IEC JTC 1/SC 7: Software and systems engineering c. ISO/IEC 25012: Data quality model d. W3C Data Exchange Working Group e. W3C Spatial Data on the Web Working Group f. OASIS Open Data Protocol (Odata) standards g. OASIS ebXML RegRep standards	**2. Cybersecurity and Network Security** a. ISO/IEC JTC 1 Information security, cybersecurity, and privacy protection b. ITU-T SG17 Security c. W3C Security working groups d. IEEE IC20-011/021/, IC21-001 e. ITEF Security Working Groups f. 3GPP g. OneM2M TS-0003, TS-0016, TS-0032 h. NIST
3. 5G a. 5G-ACIA Working Groups b. IEEE SA c. ITU-T SG5, SG11, SG13 and SG15	**4. Cloud and Edge Computing** a. ISO/IEC JTC 1/SC 38 b. ITU-T SG11, SG17, SG20 c. IEEE SA d. Open Grid Forum (OGF)
5. IoT a. IEEE SA b. ISO/IEC JTC 1/SC 41 'Internet of Things and Digital Twin' c. ITU-R 54, 66, ITU-T SG20 d. OASIS MQTT, AMQP, and oBIX e. 3GPP f. One2M g. W3C Web of Things WG and IG h. AIOTI WG Standards	**6. E-Identity and trust services** a. ISO TC/54 b. ITU-T SG2 and SG3 c. OASIS SAML, CEF, DSS-X, ebXML Message, ebCore d. IETF OAUTH, TRANS, ACME e. W3C WebRTC f. IEEE SA
7. Artificial Intelligence a. ISO/IEC JTC1 SC42 b. IEEE SA c. IETF d. ITU-T SG13, SG20 e. OASIS RECITE	**8. Blockchain and DLT** a. IEEE SA b. ITU FG-DLT c. W3C DID WG d. IETF DINRG e. INATBA Committee of Standards
9. Smart Cities and Communities a. ISO TC/ 268 Sustainable development in communities b. ISO-IEC/JTC 1 WG11 Smart cities	

c. IEEE SA
d. ITU-T SG20
e. IETF EMAN
f. OASIS TGF
g. OASC
h. AIOTI WG 8: Smart Cities