

# **Why are SMEs in Austria taking a stance against TTIP?**

## **A qualitative study of the 'SMEs against TTIP' campaign**

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## **DISCLAIMER**

*The views expressed in this report are those of the authors, and do not represent any official view of MORE.*

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## **ABSTRACT**

Once heavy criticism emerged of the claims that TTIP would have a positive economic impact, and doubts began to grow in the public sphere about the potential benefits of the deal, the European Commission (EC), the Austrian Chamber of Commerce (WKÖ) and the Federation of Austrian Industries (IV) all changed track and started to argue that particularly SMEs would benefit from TTIP. This view is not shared by over 2,100 SME entrepreneurs in Austria. This paper presents the preliminary findings of a recent qualitative study. It aims to contribute to the discussion by tackling the following questions: “Why are many Austrian SMEs opposed to TTIP?”, “What is their motivation and who are these SMEs?” and “Do these SMEs have specific concerns or aspirations regarding the potential effects of TTIP on their businesses?” The first six interviews of those signing the petition reveal a range of reasons for signing, including: a lack of and inadequate information about TTIP and potential impact on SMEs; lack of transparency in negotiations; distrust of EU, IV and WKO information and greater trust in NGOs; poor EU track record with SMEs and regulation; a perceived political bias in favour of big business; the ISDS; lack of ‘plausible’ evidence that TTIP could benefit SMEs; lack of SME involvement in the negotiations and a desire to see social standards raised rather than “bigger, better cheaper while allowing the minnows (SMEs) to disappear”.

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# 1. Introduction

In summer 2013 the start of negotiations on the so-called Transatlantic Trade and Investment Partnership (TTIP) was officially announced in the USA and the EU. The proposed bilateral trade agreement between the world's two strongest economic blocs should not only be seen as a blueprint for a new generation of trade agreements that will shape the future trading structure of the world; the planned agreement also aims to make dramatic changes to existing regulations and to an unprecedented level. As such TTIP – together with CETA, TPP, and other similar agreements should be seen as part of a new generation of trade agreements which will go far beyond former agreements both in scope and breadth. It is a clear structural change in the way we have managed global trade to date from multilateral to bilateral – and a radicalisation of the neo-liberal trade policy of recent decades (Soukup 2014).

While there is no doubt that CETA, TTIP and the other deals that are part of this “new generation of trade agreements” are ambitious projects which will shape the existing world trading structure, little is known about the actual content of the negotiations. The debate about the possible impact is at best ambiguous. While the negotiations have been happening in secret behind closed doors, public awareness of and doubt about the benefits of the project have been increasing. At the same time, public opposition to the plans has also been growing, particularly in Austria and Germany.

In order to regain popularity for TTIP, the communication strategy of TTIP advocates has shifted. The European Commission (EC), the WKÖ (Austrian Chambers of Commerce) and the IV (Federation of Austrian Industries) now claim that “TTIP will be particularly beneficial to SMEs”. As SMEs are the “backbone” of Europe's economy (Schiemann 2009), this argument has the potential to foster new alliances in favour of TTIP. Nonetheless, the claim that TTIP will indeed benefit SMEs is highly contested (Grumiller/Theurl 2015a; Grumiller/Theurl 2015b).

Many Austrian SMEs do not agree with the assessment made by the WKÖ, the body that should represent them at a political level. In fact, quite the reverse. Soon after the strategic shift of TTIP advocates unfolded, over 2,000 SMEs had actively shown their opposition to TTIP by signing a petition<sup>1</sup> against the deal called “SMEs against TTIP”.

This qualitative research study aims to understand why SMEs are opposed to TTIP. The study will analyse the motivation of SMEs to fight against TTIP in Austria and give insights into potential impacts of TTIP on SMEs from their point of view. The study also uses the real-life expertise of Austrian SMEs

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<sup>1</sup> The petition can be found online: <http://www.kmu-gegen-ttip.at/>

to obtain a better understanding of the current situation in order to be able to carry out further analysis of the impact of “new trade agreements” on SMEs.

The interviews will be used to answer the following questions:

- **Why are Austrian SME entrepreneurs opposed to TTIP?**
- **How do they obtain and evaluate their information on TTIP?**
- **How could TTIP affect SMEs?**

The data was collected using semi-structured interviews. We asked about the specific economic circumstances of the SMEs; their personal opinion on what they thought the impact of TTIP would be; and about the ‘source and quality’ of their knowledge of TTIP.

## 2. Method

The method used for this investigation belongs to the qualitative social research paradigm, which is well suited to answer the “why?” and “how?” type questions. It can be applied to obtain in-depth insights and is the best option for developing new theses and theories (Lueger 2010; Froschauer/Lueger 2003). Furthermore, qualitative research is characterised by its explorative and open nature, and aims to represent the views of those affected.

As very little research has been carried out into SMEs as political players, and as there is very little knowledge about the possible impact of TTIP on SMEs, a qualitative research project would seem to be the most suitable approach to obtain initial insights into the subject.

In order to gather data which could then be subjected to interpretative analysis, we first interviewed SME owners, with a view to capturing their knowledge and insights about which particular issues they see as important and in order to understand the phenomena that lead to their opposition to TTIP. Furthermore, those owners of SMEs who opposed TTIP were seen as an important source of knowledge for identifying clues to the potential impact of TTIP on SMEs. In short, this research uses the expertise and experiences of those people and companies directly affected. This information then forms the foundation of the study.

The study uses a purpose-oriented sampling procedure which aims to generate representative cases and which can be extended to produce contrasting cases (Teddlie/Yu 2007), i.e. only entrepreneurs known to oppose TTIP by dint of them having signed the “SMEs against TTIP” petition were interviewed.

Quantitative research, by contrast, focuses on a numerical representation of data, focussing on the representation of huge samples and on thesis-testing. Qualitative and quantitative research, therefore, are not opposing methods; but rather, they are used to answer different questions and can be combined. Thus the results of this qualitative study can be prepared for use in further quantitative research which would then be suitable for making statements about the range of the results (Lueger 2010).

### 2.1. Research and Analysis Strategy

There are a variety of different methods available within the paradigm of qualitative research. Again, a distinction can be drawn in the differing natures of these methods by highlighting the quantitative nature of one and the more qualitative nature of the other. More quantitative approaches follow the

ideas of content analysis (Mayring 2015), but can scarcely be characterised as qualitative methods as the data is rather represented as interpreted (Lamnek 1989). By contrast the analysis of the micro-structure (“Feinstrukturanalyse”) of the data, focussing on latent structures which are interpreted into the data (Lueger 2009), is purely interpretative and therefore a qualitative analysis step. In other words: while content analysis is a procedure used to reduce and summarise the data, qualitative procedures aim to “enlarge” the data and to enrich them with interpretations and possible relationship structures (Lueger 2010).

The choice of an appropriate method is dependent on the research question and determines the epistemological possibilities of the investigation. As the most interesting task of the research is to generate new insights, an open approach following qualitative methods is preferred over a quantitative analysis. The current discussion of the debate on TTIP has shown that a simple quantitative analysis of the content of the data is very likely to capture information that is already known. Hence the insights gained would scarcely be more than an analysis of the content of the current political debate. An interpretative analysis, by contrast, is able to achieve the following objectives:

- 1) A summary of the content of the collected data, though not in the strict sense as demanded by more quantitative oriented research (e.g. Mayring 2015); and
- 2) An investigation of the underlying (social and economic) structures of the observed phenomena.

Therefore, we have applied a “combination of methods”, making use of ideas from the classical Grounded Theory (Glaser/Strauss 1998; Strauss/Corbin 1990), and of ideas from analysing case studies – thus bringing different perspectives to the same phenomena (Flick 1995a; Flick 1995b). Moreover, the entire research is designed as a cyclical process as suggested by Ulrike Froschauer and Manfred Lueger (Froschauer/Lueger 2003).

The research process (Table 1) is organised in several cycles, during which the research strategy is revised (i.e. selection of further samples and the adoption of the study). Until a satisfactory result is obtained or no new information can be found, the cycles from the initial step of research-planning to the presentation of the project’s final results are repeated.

Unlike the classical GT method, the research cycles contain more than one interview and no theoretical sampling is used in the sense of Glaser/Strauss (1967). The sample/interview partners are chosen with the aim of obtaining different perspectives/case studies. As defined by Flick (Flick 1995b), the aim of this procedure is to create different case studies, which are then analysed to identify similarities and differences.

**Table 1: Research Process**

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Planning	<b>Research Plan</b>	<b>Access to the Field</b>
	Research Question	Contact
	Methodological position	Methodological preparation: i.e. preparation for the interview –
	Method of research	preparation of the questions
Research Cycle	<b>Analysis Cycle 1</b>	<b>Analysis Cycle 2, ...</b>
	Investigation	
	Interpretation	
	Reflection and planning of next cycle	
	Interim result	
Presentation of Results	<b>Processing the results</b>	
	Connectivity	
	Crucial content	
	Integration into scientific debate	

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Source: Froschauer and Lueger 2003

As different market segments work differently due to differing regulations, production circumstances and consumption, it is reasonable to assume that the perception SMEs have of the economic impact of TTIP on their businesses will also differ from market segment to market segment. Therefore, our interview partners were chosen to provide a broad range of differing SME economic characteristics. We can assume that this range of case studies will provide differing perspectives on the same socio-economic phenomena (Flick 1995a).

As per Flick (1995b), these case studies were analysed in two steps:

- 1) Firstly, the case studies are described and summarised briefly. The summaries contain typical statements by the interviewees, a description of the enterprise, and a summary of the key issues that arose during the interviews.
- 2) Secondly, the data was “coded”, relations and similarities between the codes were developed, and a system of categories was developed.

The aim of this procedure was to develop a system of “categories” and concepts. These categories are then applied to the analysis of further case studies and adapted during the process of interpretation. Hence the clear content and causal relationships develop through a process of alternation between inductive and deductive steps.

## 2.2. Interviews

Any empirical analysis (in social sciences) depends, by necessity, on the available data which is often obtained through interviews. The choice of an appropriate interview method depends primarily on the area of research under investigation (Danecker/Vossemer 2014) and has to fit the requirements of the analysis strategy (Lueger 2003). Once the aim of the research is defined, the specifics of the research field - e.g. the availability of interview partners (time, location) - have to be considered. Therefore, semi-structured interviews are used to interview the selected SME entrepreneurs.

Semi-structured interviewing is a qualitative-data collection strategy in which the researcher asks interviewees a series of predetermined but open-ended questions, with no fixed range of responses (Russel 1988). By avoiding leading questions, the researcher obtains valid interpretative results even if the topic is predetermined by the researcher (Ayres 2008). Moreover, semi-structured interviews are the best option if there is only one opportunity to interview a participant and if several interviewers are involved in collecting the data (Russel 1988).

As different interviewers were despatched into the field and as SME owners were often busy and difficult to convince to take part in even one interview, this is the method that best fits the requirements of the study. And last but not least, semi-structured interviews are compatible with open analysis methods which go beyond content-analysis (Lueger 2003).

The list of interview questions was drawn up based on the following research questions (see appendix):

- “Why are Austrian SMEs opposed to TTIP?”
- “What is their motivation?”
- “Who are these SMEs?”
- “What does this teach us about the potential impact of TTIP; or can we at least identify important issues that will enable us to further investigate the impact of TTIP (and similar trade agreements)?”

The interviewees were each contacted by a campaigner from the “SMEs Against TTIP” campaign and provided with information about the purpose of the research, its financial backers, and about the topics and likely duration of the interview. The interviewers identified themselves as co-experts and

allies. The advantages of this process are that the interviewees are expected to give an “explication of reasons” and “access to confidential information” (Bonger/Menz 2005:62f). The disadvantages are that this can create a bias towards a “technical conversation” and there is also “no explication of normative propositions” (Bonger/Menz 2005:62f). The interviewees were asked for an appointment of one hour and the interviews were scheduled to last 30 minutes.

The location of the interviews differed. Either the interviews were carried out in public places or at the interviewee’s workplace. In all cases the interviewer travelled to the interviewee.

### 2.3. Sampling

Qualitative and quantitative research methods have different sample selection procedures that are specifically designed to meet the needs of the specific research. As qualitative research is an inductive procedure that aims to build theories and to provide explanatory depth, the samples need to be judged according to how well they serve the purpose of the specific study (Morgan 2008).

Random sampling and sample size is particularly important for quantitative research. In qualitative studies – which aim to achieve in-depth and highly contextualised understanding criteria such as *saturation* or *redundancy* rather than statistical criteria are preferred (Morgan 2008:798). Nevertheless, even in qualitative research, a larger sample size helps to achieve a better understanding of the range of the theoretical findings (Lueger 2009).

Six interviews were chosen for the first research cycle, two from the Commerce and Handicrafts sector, one from the Production sector, and three from the Service sector. A more detailed description of the population and sample follows in the next chapter.

We used the purposive sampling procedure that is based on achieving representativeness and comparability (Teddlie/Yu 2007). The sample can be classified as extreme case sample or deviant case sample inasmuch as we focus exclusively on those SME entrepreneurs who signed the “SME Against TTIP” petition. The sampling strategy is aimed at generating representative cases and can be extended to generate contrasting cases in further research cycles. The advantages of this method are: accessibility to the field; and knowledge of/ideas about TTIP which are prerequisites. The disadvantage is that there could be a bias with regard to the question about the possible impact of TTIP on SMEs.

As these SMEs are already politically active, they are more likely to want to support a research project which might be beneficial to them and their cause. Furthermore, it is also then possible to ask interviewees about the reasons why they oppose TTIP. Moreover, as the information about TTIP is highly influenced by the political debate, by the source of information and by the latest news on the

issue on different information platforms, it would be very difficult to detect these and other biases which influence the responses of the interviewees. While this politically-determined sampling strategy is considered to be advantageous, by contrast the alternative sampling strategy – in which we would have no reliable information about the political position of the interviewee – is considered disadvantageous and, as such, suboptimal.

Finally, the range of the results of this research strategy has, in any event, to be tested from a quantitative point of view. In order to evaluate whether or not the results also hold for any SME - or at least to check the strength of any potential political bias - a large random sample should be used and analysed using quantitative research methods.

### 3. Quantitative Description of the Sample

Firstly, we set out a quantitative description of the population and of the sample used for this study. Comprehensive quantitative population data is available from Statistic Austria. This data shows the size, number of employees, turnover, sector and other information for all Austrian SMEs. Data is also available (provided by the “SMEs Against TTIP” campaign – not publicly accessible) on those SMEs that signed the “SMEs Against TTIP” petition, showing the number of employees, the sector in which the particular SMEs are active, their location, and the date on which they signed the petition. The data sets are however from different sources. As such the data is not completely comparable and there is no cross-data set.

By Thursday 5<sup>th</sup> November 2015, 1,740 SMEs had signed the “SMEs Against TTIP” petition. Of these 1,740, 408 gave no information about the number of employees they have and 409 gave no information about the sector in which they are active. Information about employee numbers and business sectors are available for 1,295 of the SMEs. These 1,295 SMEs provided the population from which the samples were chosen.

Table 2 summarises the distribution of SMEs that signed the “SMEs Against TTIP” petition together with the number of employees they have and the sector of the economy in which they are active. Most of the SMEs are one-person, micro and small enterprises. This means that ca. 0.4% of all Austrian SMEs have signed the petition (table 3).

**Table 2: SMEs against TTIP - sector statistics**

	OPE	Micro (10)	Small (50)	Medium (250)	Large (250+)	Total
Banking and Insurance	3	3		1		7
Freelancers <sup>2</sup>	192	47	4	1	2	246
Commercial & Handicraft	182	148	42	9	2	383
Commerce	81	96	21	5	2	205
Industry	4	8	5	4	1	22
Information und Consulting	226	105	13			344
Tourism	28	32	13			73
Transport	3	8	3	1		15
<b>Total</b>	719	447	101	21	7	1295

Source: SME against TTIP

**Table 3: SMEs in Austria - % of all SMEs in Austria**

	SME	250+
<b>Industry</b>	9,25%	44,76%
<b>Trade</b>	23,75%	17,85%
<b>Other</b>	67,01%	37,39%
<b>All SMEs</b>	313.729	
<b>All 250+ Enterprises</b>	1.126	

Source: Statistic Austria 2015

<sup>2</sup> Some data is not completely coherent, which is indicated in red.

## 4. The Case Studies

In this section there are six case studies which are analysed in more detail. As this analysis is currently only an intermediate stage (see table 1) it is at this point only possible to draw conclusions with limited scope and depth. The results presented here show the first outlines of the knowledge horizon and thus enable us to make an initial evaluation, as it were, from afar. The objective of this analysis is to provide an initial guide to the subject; to formulate questions for further study; and to identify the initial outlines of the issues under investigation.

We interviewed various people including two owners of small companies that trade in goods. One is active in the cosmetics sector; the other in the delicatessen sector. Both produce products and sell finished products. We also interviewed two OPEs (one-person enterprises) from the corporate consulting sector. Both work primarily with companies that are either funded by or receive grants from the public purse. We also interviewed the owner of a micro-enterprise from the engineering sector who works closely with large companies in the Lake Constance region. And we also interviewed a large company that manufactures goods and has its own distribution facility.

Thus the sample was made up of a very heterogeneous group that gives us a broad focus and therefore enables us to analyse areas of commonality and difference. But this is nevertheless a small sample with no redundancy. So at this point it is not possible to assess if the outline of the full picture – or part thereof - has been captured.

Below, each of the case studies is interpreted and summarised. Every effort is made to present as much of the empirical detail as possible. Then an overall analysis is made of the case studies and an interpretative summary is given. The aim of this approach is to create initial explanatory models in order better to understand the thinking of the SMEs. The intention is also to define different 'types' in order to facilitate a better discussion of the issues raised by these studies.

#### 4.1. Case Study – Construction Company

Mr. K. owns a one-man construction company in Lustenau that focuses on machine and steel construction. The core area of expertise includes bespoke machines as well as conveyor and storage technology. His wife does the accounts, therefore he categorises his enterprise as a one-and-a-half-person company. Most of the customers are in the local vicinity of Lake Constance (Vorarlberg, Liechtenstein and nearby Germany and Switzerland). K. deliberately chooses to work with clients from his own region because he values personal contact and it eases the communication process considerably.<sup>3</sup> In this context he highlights the importance of winning new clients through existing networks. As a sole proprietor it is a particular challenge to win new clients while at the same time dedicating considerable effort to looking after existing ones. Thanks to his networks, K. sees this is a relatively small problem for him.<sup>4</sup>

K. builds the machines; his clients deploy them or modify them for onward sale. The construction company has no international business relationships as such, apart from the business he conducts with his regional clients just over the national boundaries. However, his clients do seek out global business opportunities due to the small market size of the Lake Constance region. So far none of his machines has been used in the USA, but it is possible that his clients have business relations with the USA.

K. is very critical of the lack of transparency in the TTIP negotiations. The main reason he feels uncomfortable about the TTIP project is the limited accessible information on negotiations of a treaty that affects everyone.<sup>5</sup> This lack of transparency around TTIP has enhanced his sense of being ill-informed, however it remains unclear to what extent K. has looked into the subject. K. also remains critical of the information he has received about TTIP, as the information always seems to have an ideological bias. He describes the information he has received from NGOs as more trustworthy. It is probably due to K.'s critical view of the information that he has received about TTIP that his anti-TTIP view is emotionally loaded; his view is based to a lesser extent on 'hard facts'. The dominant narratives identified here are a fear of being dominated by multinational corporations and the related idea that

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<sup>3</sup> „Das ist schon ein Kriterium, diese Regionalität beizubehalten, weil ich diesen persönlichen Kontakt schon wünsche und brauche. Das ist klar.“

<sup>4</sup> „Als Einzelunternehmer ist das immer eine Herausforderung, Kunden zu akquirieren und gleichzeitig für Kunden tätig zu sein. Das war bisher nicht das Problem, aber ich kann mir vorstellen, dass das für jemanden, der nicht so gut vernetzt ist oder einfach neu ist, dass das ein ziemlich großes Problem ist [...]“

<sup>5</sup> „Ich kann nur aus dem Gefühl heraus sagen, dass ich mich nicht vertreten fühle, da ich eigentlich keinerlei Informationen habe, die verifizierbar sind. Ich habe keine Möglichkeit irgendwo in ein Vertragswerk Einblick zu nehmen, das mich dann unmittelbar betrifft. [...] Es gibt ja keine Möglichkeit irgendwo Einblick zu nehmen und daher passt das für mich überhaupt nicht.“

TTIP will lead to less individual freedom resulting from imbalanced power relations.<sup>6</sup> The lack of transparency surrounding the TTIP negotiations and the disproportionate strength of lobbyists are seen as the main reasons why big business will profit from TTIP while SMEs will not.<sup>7</sup>

K. is sure that TTIP will have a negative impact on his business within a few years, but he is not able to explain his concern in detail.<sup>8</sup> His description of restricted personal freedoms resulting from TTIP are similarly vague and stem from a fear of ever more dominant multinational corporations. He is absolutely certain that TTIP will not have a positive impact on his business: he is not constrained by trade barriers and he does not believe that TTIP will lead to more orders for his business.<sup>9</sup>

According to K., instead of increasing the power of big businesses, politicians should focus more on social issues and topics like data privacy. A key precondition for trade agreements should be the raising of social standards to similar levels. This in turn would reduce the need for big businesses to outsource their production and thus lead to an increase in local employment opportunities. This strategy could be deployed by the EU to tackle its two main challenges: the rise of Asia and the lack of jobs.

K. does not believe that the STOP-TTIP campaign will have a major impact on the outcome of the TTIP negotiations, but he wants his voice to be heard. He also stresses that he does not feel represented by the Austrian Chambers of Commerce (Wirtschaftskammer) due to its focus on the interests of big business. He hopes that, in future, a stronger presence by the Green Party and other associated interest groups (Grüne Wirtschaft) will counter the dominance of big business within the Austrian Chambers of Commerce.<sup>10</sup>

His vague statements about the potential impact of TTIP and his strong emotional reaction to the project lead us to the assumption that K. has not examined the issue of TTIP in any great detail and/or

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<sup>6</sup> „Die Furcht davor, dass alles irgendwo fremdbestimmt wird, dass alle Bereiche des Lebens durch große, globale Konzerne so bestimmt werden, wie es für die am besten ist, wie die Profite am größten sind. Das ist eigentlich meine Kernsorge.“

<sup>7</sup> „[...] dass sich für Kleinunternehmer etwas Positives daraus entwickeln kann, sehe ich als völlig unrealistisch, weil einfach die Möglichkeiten, sich als kleiner Mann dort einzubringen, sich als kleiner Mann etwas zu seinen Gunsten in dieses Vertragswerk einzubringen, das sehe ich als völlig unrealistisch an. Völlig unrealistisch. Es wird ganz bestimmt von den großen Firmen bestimmt, die wieder sehr gut vernetzt sind mit ihren Vertretern und ihren Lobbyisten in die Politik hinein und das ist einfach ... Diese werden davon ganz sicher profitieren und ich bin mir sehr sicher, dass die Kleinen verlieren werden.“

<sup>8</sup> „Ich kann es nicht festmachen und sagen: OK, ich weiß jetzt schon, dass es in dem und dem Bereich Konsequenzen haben wird, aber ich glaube es einfach.“

<sup>9</sup> „Nein, das sehe ich überhaupt nicht, ... dass jemand aufgrund dessen, dass ein Handelsabkommen geschlossen wird zu mir kommt und sagt, ich brauch dein Wissen, deine Kapazität. Das ist für mich praktisch vollkommen ausgeschlossen.“

<sup>10</sup> „Das ist für mich ganz klar. Die Wirtschaftskammer vertritt keinen Kleinunternehmer. Die Interessen der Kleinunternehmer gehen komplett unter, obwohl wir zahlenmäßig eine riesige Gruppe wären und unsere Interessen werden überhaupt nicht berücksichtigt. Ich bin absolut überzeugt davon. Wenn ich könnte, würde ich die Mitgliedschaft sofort kündigen, aber das geht nicht, da es eine Zwangsbeglückung ist, eine Zwangsmitgliedschaft, die mich, immer wenn ich das Geld zahlen muss, sehr ärgert.“

that he mistrusts the information provided. Nevertheless, K. strongly believes that TTIP will have a negative impact on both his business and his private life, but he was unable to provide a comprehensible explanation for this belief. K.'s rejection of TTIP and his motivation to engage with the STOP-TTIP campaign are mainly fuelled by a lack of transparency around the TTIP negotiations; a feeling that his interests are not being represented by the usual organisations (e.g. Austrian Chamber of Commerce); and his sense that the ever-growing power of large corporations would be further enhanced as a result of the TTIP negotiations.

## 4.2. Case Study – Corporate Consultant

Ms. M. owns a corporate consultancy which is a one-person business. Her key customers are state-financed corporations and NGOs (e.g. nursery schools, regional development agencies, women's organisations, church organisations, etc.). Most of her customers come from Austria; she also has a few in other parts of the EU. M. has no business relations with US enterprises. M.'s business is indirectly affected by government expenditure decisions, since most of her customers depend on public financing. She is optimistic about the future of her business and has no concerns that her business will decline.<sup>11</sup>

M. describes free trade as a political project that fosters and exacerbates imbalances within and between countries. She specifically highlights imbalances between 'strong' and 'weak' countries<sup>12</sup> and similarly between big businesses and SMEs. She describes the power relationship between the EU and the US as being one that is more or less balanced. Any potential negative effects of TTIP will therefore affect both sides equally.<sup>13</sup> Before hearing about the STOP-TTIP campaign, M. did not consider how any potential effects of TTIP might impact multinational corporations and SMEs differently.<sup>14</sup> In her opinion, only big businesses will profit from TTIP, but SMEs are not likely to feel economic disadvantages.

Her criticism of TTIP is only a small part of M.'s criticisms of society as a whole. She sees TTIP as a setback<sup>15</sup>, but the key problem for her is the general direction in which society is developing, particularly with regard to ecological and social issues. For her the key issue lies in the contradiction between the growth imperative and the absence of growth; and the incompatibility of economic growth and ecological objectives (e.g. climate change). To overcome these contradictions and to achieve a better society we would need to redistribute wealth and income and re-organise working time. Consequently, her arguments against TTIP follow a socio-political line.

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<sup>11</sup> „Ich habe keine größeren Befürchtungen, dass es schlechter wird“

<sup>12</sup> „Also wenn zwischen ungleichen Partnern ein Freihandel passiert, dann ist das für den Schwächeren schlecht“.

<sup>13</sup> „[...] also da ist die EU jetzt nicht so arm“

<sup>14</sup> „Ich habe mir eigentlich, bevor ich diese Kampagne mitgekriegt habe, über die KMUs überhaupt noch keine Gedanken gemacht. Insofern war das positiv für mich. Sondern vorher habe ich mir das eher für die staatlichen Dienstleistungen, die Investitionsschutzabkommen und diese ganzen Dinge und die neuen Standards und so weiter ... Und dass es auch nichts bringt. Also ökonomisch gesehen. Also an die KMUs habe ich überhaupt nicht gedacht. Aber natürlich, dass die jetzt vielleicht nicht gerade benachteiligt werden, aber zumindest nichts davon haben, dass dieses Abkommen zustande kommt.“

<sup>15</sup> „es geht mir um die grundsätzliche gesellschaftliche Entwicklung, und die halte ich, unter anderem mit so einem Abkommen, nicht für besonders erstrebenswert. Also ich halte es ganz schlicht für einen Rückschritt“.

M. stresses that she is not concerned that TTIP will have a negative impact on her business.<sup>16</sup> Her statements nonetheless reveal uncertainty and a lack of information about the potential effects of TTIP on her business.<sup>17</sup> Her descriptions of the potential effects of TTIP on her business sector follow a similar pattern. She does not believe that TTIP will have significant economic effects on the corporate consultancy sector, but she also stresses that she does not have sufficient knowledge to make an informed assessment.<sup>18</sup>

Even though M. expresses uncertainty about the potential effects of TTIP on her business, her clients and her business sector, her rejection of TTIP does not seem to be motivated as a result of her activity as a corporate consultant. Furthermore, M. does not believe that she will directly feel the effects of TTIP within her private sphere.<sup>19</sup> Since M. does not feel personally threatened by TTIP, her motivation for rejecting TTIP seems to be based primarily on socio-political considerations. This line of reasoning might be explained by the dichotomy between her social integration and her personal experience with the negative effects of free trade.

Firstly, M. describes both her social network and her political activities as left-wing and critical of globalisation and capitalism. Her political views should be seen within the context of her contradictory relationship to her occupation as a corporate consultant. It seems she identifies only to a limited extent with her job because she believes that the logic and profit orientation of corporations hinders social progress.<sup>20</sup>

Secondly, M. lived in West Africa for many years. Her first-hand experience of West Africa fostered a negative image of free trade and seems to have been a defining moment with regard to her understanding of international power relations.<sup>21</sup>

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<sup>16</sup> „[...] also nicht, weil ich Angst um mein Geschäft habe. Das habe ich nicht“

<sup>17</sup> „oder zumindest habe ich noch nie darüber nachgedacht“; „wobei, vielleicht sehe ich das nur nicht“

<sup>18</sup> „Für die Branche kann ich mir das schon vorstellen. [...] ich glaube nicht, dass die Beratungsleistungen aufgrund dieses Abkommens insgesamt zurückgehen würden, aber wahrscheinlich wird es eine Umstrukturierung geben. Es wird eine Umrüstung geben in der Beratungsbranche. Hin zu: Wie gehe ich mit diesem Abkommen um? Was muss ich tun damit ich davon profitiere? [...] Es werden sich die Inhalte verlagern, aber ich glaube nicht, dass sich dadurch zum Beispiel die Umsätze vergrößern oder verkleinern. Aber dazu bin ich jetzt zu wenig ... (informiert, Anm. d. A.)“.

<sup>19</sup> „Also ich habe wenig Angst, dass ich jetzt ein Chlorhuhn essen muss, weil das muss ich ja nicht essen“

<sup>20</sup> „Denn in unserem Wirtschaftssystem muss ein Unternehmer in einer gewissen Bandbreite in dieser schädlichen Logik handeln, sonst überlebt er nicht.“

<sup>21</sup> „Ich bin keine Befürworterin des Freihandels. Das hängt vielleicht auch damit zusammen, dass ich vier Jahre in Westafrika gewesen bin und dort ist der Freihandel noch absurder.“

### 4.3. Case Study – Organic and Natural Haircare Products

Ms. K. is the director of an enterprise that specialises in the production and sale of organic and natural haircare products. The business was founded 20 years ago. The company also has its own training centre for training hairdressers and beauticians in the use of its organic products. The SME focuses its production and sales on nearby locations (although in some cases this includes China and India). The enterprise sells rare and high-quality products which only can be used after special instruction<sup>22</sup>. Furthermore, the enterprise maintains very close relations with its customers.

Its relationship to the natural world, to environmental protection and to the strengthening of the regional economy are all part of the company's corporate profile. Rationality is an important issue for K., who is part of the "Economy for The Common Good" (Gemeinwohl-Ökonomie) organisation and opposes the ideology of liberal capitalism<sup>23</sup>.

She says the US-American market is economically uninteresting as it already has a large variety of products (in the natural cosmetics segment) and as the market-access costs are too high (marketing costs; costs related to training a team in how to use the products; winning clients; and training hairdressers and beauticians in the use of the company's organic products).

But K. does see a possible threat from large American enterprises because of their "market-volumes", the "variety of products" they have, and their experience of entering new markets.

The company began introducing natural cosmetics to the Austrian market twenty years ago. It was an expensive and difficult process to establish the brand and to disseminate the knowledge needed to work with these products. American enterprises that enter the market would not have to bear these costs and could benefit from K.'s company's efforts<sup>24</sup>.

K. also has political reasons for opposing TTIP. She finds it completely unacceptable that there is a lack of transparency in the negotiations; that it is unclear which interest groups are working behind the scenes; and that the public has been excluded from the negotiating process<sup>25</sup>.

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<sup>22</sup> „Mit der Natur muss ich anders arbeiten bzw. muss der Kunde mal wissen bzw. aufgeklärt werden, wie ich umstelle von einem herkömmlichen Shampoo auf ein Naturprodukt. Das wirkt nämlich anders.“

<sup>23</sup> „Wie rudert man zurück von diesem liberalen Kapitalismus hin zu einer gesunden Wirtschaftsentwicklung?“

<sup>24</sup> „[...] mein Kollege, der das Ganze vor 20 Jahren aufgebaut hat und das ganze Team, und die sozusagen diesen Markt hier aufbereitet haben. Das sehe ich als große Schwierigkeit. Wenn die dann einfach hier her kommen und das ausschöpfen.“

<sup>25</sup> „Ich finde, Abkommen, die hinter verschlossenen Türen auf Grund von Interessen von ich weiß nicht wem abgeschlossen werden und nicht mit allen Betroffenen diskutiert und ausgehandelt werden, eine Zumutung. Ja. Das finde ich völlig unmöglich. Das geht nicht.“

For K. free-trade is all about self-interest politics – and that, she says, is all about freedom exclusively for the “large and powerful”, in other words for those who are able to “secure their own interests”. She also sees trade barriers as an issue of self-interest politics, as they can provide security for certain groups and regions. Therefore, K. views TTIP as a project of the elites, designed to benefit the “large and the powerful” at the expense of the “small”.

K. trusts information from ATTAC but distrusts information from the WKÖ, IV and the EU. This may be a significant factor in determining her opposition to TTIP. The reasons for K.’s distrust of the WKÖ, IV and EU can be found in her business experiences. She argues that the EU hands down plenty of regulations which are difficult for SMEs<sup>26</sup>. This might result in a sceptical attitude towards EU initiatives. Her criticisms of the WKÖ and IV stem from much more direct experience. K. expects the WKÖ and IV to start taking the interests of SMEs seriously. But all she reads in the WKÖ information brochures is “little short of a huge pro-TTIP campaign”<sup>27</sup>. When she looks at the arguments put forward by the WKÖ and IV, K. sees no plausible argument for how TTIP could benefit SMEs. This might lead to a sense that she is being lied to. K. says that while the interests of “big business” are being represented by the WKÖ and IV, the interests of SMEs are being neglected. Therefore K. sees it as vital that SMEs get themselves politically organised<sup>28</sup>.

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<sup>26</sup> „wir bekommen sehr viele Regulative von der EU. Es ist besonders für KMUs sehr schwierig in deren Umsetzung.“

<sup>27</sup> „Ich erwarte mir auch, dass die Wirtschaftskammer und die Industriellenvereinigung die Interessen der kleineren und mittleren Unternehmen ernst nehmen. Was ich in den Wirtschaftszeitungen immer wieder lese bzw. was ich in den Zeitschriften der WKO, die kommen ja in allen Bundesländern heraus, lese, sind riesige Kampagnen für TTIP.“

<sup>28</sup> „Es gibt zu 76% KMO-Unternehmen in Österreich. Eigentlich sind wir die Mehrheit. Und ich denke, was es braucht, ist ein Zusammenschluss der Interessen dieser Unternehmen und eine möglichst laute Stimme. Das erwarte ich mir.“

#### 4.4. Case Study – Food Sector

Ms X. is a businesswoman who for six years has been a specialist trader in the gourmet food sector (working with products across Europe). X. also runs a restaurant which uses some of the imported products. The business has two full time employees and one or two casuals. X. sells products which are little known in Austria. Therefore customer relations and marketing are important parts of her business life, and the combination of the shop and a restaurant is seen as an important part of her business strategy<sup>29</sup>.

X. also produces goods – on a small scale - and exports some of them to countries in Europe (Italy, Switzerland, Germany, the Netherlands and France). At the end of 2015 she received her first request to export to the USA. As she does not yet have any knowledge of the practicalities of exporting to the USA, she is unclear about further business relations with the USA. In general, her business focusses on the import of products that are not available locally. Thereby she focuses on products at closest range (the nearest available products are used). But she also focuses on high-cost, high-quality products. Her clientele are mostly middle-class and high earners – a group that might have different expectations when it comes to TTIP.

X. argues that she sells highly specialised and high-quality products and that her clients are aware that this quality comes at a price. Therefore, she argues, her company is not, and will not be, in the business of trying to compete on price.

In X.'s entire argument there is a strong tension between her personal and strongly held views about the environment, and her interests as an entrepreneur - a tension of which she is well aware.<sup>30</sup>

The complicated regulations and rules that exist in Europe are an important issue for X. as she views them as a major burden. In broad terms she is confident that she will survive as an entrepreneur, but in the light of recent developments X. is less sure about the future of her business. She argues that the current political and economic climate supports the idea of “bigger, better and cheaper” while allowing “the minnows” (SMEs) to disappear. For her a clear sign of this is all the rules and regulations, an example being those governing cash registers (a widely debated topic in the newspapers in Austria in 2015); then there are the new EU food labelling rules relating to allergens; and many more, she says.

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<sup>29</sup> „[...] weil wir eben mit Dingen handeln, mit Lebensmitteln mit Delikatessen, die jetzt nicht so selbsterklärend sind, die jetzt vielleicht für den österreichischen Gaumen fremd sind. So war das irgendwie notwendig die Zunge da heran zu führen, ja, und um die Speisen, die wir mit den Sachen zubereiten auch Vorort probieren zu können.“

<sup>30</sup> „[...] da gibt es die wirtschaftlichen Interessen und da gibt es so diese Interessen mich so in dieser Welt zu bewegen als vernünftiger, als Ressourcen-schonender, nachhaltig-denkender Mensch“

X. believes it is worth her while getting politically involved to tackle these issues<sup>31</sup> - more so than for TTIP.

Her perception that political elites and decision-makers favour large enterprises is a key reason for her opposition to TTIP. The whole issue surrounding ISDS further bolsters this perception. For X. this is a clear sign that it is big business that determines what happens in the political arena. She says this is best seen if you look at legislation governing food [...] where “big business makes the decisions. I know this from food legislation. It is big corporations that decide what is good for you and me.”<sup>32</sup>

X. says TTIP will be of no benefit to anything that is of significance to her – either personally or from a business point of view. She says that TTIP will only benefit “those enterprises that want to drain every last drop of goodness from the ground, from the world, from the system”.<sup>33</sup>

X. argues that the European and American markets are already almost entirely self-sufficient. Therefore, she says, free trade can only be of interest to profit-oriented enterprises, enterprises that are motivated exclusively by profit and want to exploit<sup>34</sup>.

X. resolves the tension she feels – a tension which permeates her entire argument - between her ecological concerns and her business interests by proposing the idea of a tax on products that are not “fair-traded”. This tax, she suggests, would be applied to all imported products which could in fact be sourced or produced locally.

X.’s perception is that the information provided about TTIP comes largely from economic and political interest groups, and amounts to little more than “information chaos and overload”. She therefore reads different sources to get her information. In general, she has the impression that SMEs are not involved in the TTIP process and that they are not consulted about it. This supports her impression that TTIP will not benefit SMEs<sup>35</sup>.

Finally, for X. it was very important to hear from other entrepreneurs who are economically successful but who are also socially and ecological engaged and committed.

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<sup>31</sup> „Wo es sich lohnt aufzustehen, na?“

<sup>32</sup> „Äm, ja das bestätigt auch, dass halt wirklich die große Wirtschaft im Grunde bestimmt, ich weiß jetzt von der Lebensmittelgesetzgebung bestimmen große Konzerne was für Sie und was für mich gesund ist, nicht.“

<sup>33</sup> „[...] für Firmen, die sagen ich hole aus dieser Erde, aus dieser Welt, aus diesem System noch das allerletzte heraus.“

<sup>34</sup> „[...] dass man da ZWINGEND jetzt da und dort hin und herschiffen muss, das macht eben nur Sinn wenn ich ausbeuten möchte, ganz einfach gesagt“

<sup>35</sup> „Wieso fragt uns denn niemand, warum hat uns niemand gefragt. Uns da meine ich jetzt KMU’s zum Beispiel, ja. Niemand ist gefragt worden, nicht (?) Das ist eigentlich ein Wahnsinn, ich verstehe es auch, warum das nicht gemacht wird, weil man einfach drüber fahren möchte aber da einen Dialog zu starten und einen Austausch zu starten, das halte ich für ganz, ganz wichtig“

#### 4.5. Case Study – Construction Ecology

Mr F. is an eco or *green* builder and has been running a one-person enterprise for 15 years. The company specialises in structural engineering with particular focus on eco-construction and room air hygiene, and pollutant and hazardous waste issues. F.'s services are used by public bodies, construction companies and private individuals. His biggest clients are local councils that want to set an example when it comes to eco-construction projects. The company operates primarily in the Austrian province of Vorarlberg, but it does occasionally undertake projects in other regions as well. F.'s company often takes its lead from international developments in the eco-construction sector, but he is not looking to expand his company beyond the Austrian market. F. believes the biggest problem he would face if he were to expand abroad (e.g. to the USA) would be a lack of time and insufficient knowledge of the market.

At the present time F. does not believe that TTIP will have a direct impact on his company. The key issue here is market access for international operators in his sector. At the moment this is particularly complex because ecological regulations are very different from area to area (i.e. from country to country – even within Europe – but also often within Austria from federal state to federal state). These regulations and the specialist knowledge<sup>36</sup> that they demand increase the market access costs, disadvantage international companies and reduce international competition. F. does not believe that TTIP will, in principle, change ecological regulations in the building sector. F. does however point out that he is not fully informed on this matter. As such F. says he would also describe his belief that his company will not be affected by TTIP as a gut feeling<sup>37</sup>.

F.'s involvement in the anti-TTIP campaign is primarily of a political nature. His main concerns are ecological. TTIP will not lead to the end of harmful substances in the ecosystem. But this problem is the result of two much more central societal problems which are also part of the TTIP negotiations. One relates to the short-term thinking of large companies when it comes to maximising profits; the other relates to the dominance of multinational companies<sup>38</sup> when it comes to asserting their own

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<sup>36</sup> „Nein das glaube ich jetzt nicht weil das wirklich so speziell ist. Das ist wirklich so ein Spezialwissen wo vieles auch mit Deutschland zusammenhängt, weil die haben mit den Einfamilienhäusern schon ziemlich früh Probleme gehabt mit Lösemitteln, mit Formaldehyd. Auch in Schulhäusern. Auch in Österreich gibt es das auch. Da wurden dann gewisse Standards entwickelt. Auch das ARGE-Prüfschema zum Beispiel. Wo wir diese Informationen auch in Österreich mit nützen. Das gibt es in anderen Ländern so nicht oder zumindest in abgeänderter Form mit anderen Grenzwerten. Also ich glaube nicht, dass das eine Gefahr ist. Man müsste den Markt kennen. Jedes Land hat da noch so unterschiedliche Bewertungsmaßstäbe und auch was vorhanden ist vom Wissen... Das kann ich mir nicht wirklich vorstellen...“

<sup>37</sup> „(Lacht) Also aus dieser Richtung kenne ich TTIP jetzt nicht so genau. [...] Ob das da mit berücksichtigt wird kann ich so jetzt nicht sagen. Wenn ich sage, dass ich es nicht glaube wäre das nur so eine Gefühlsentscheidung.“

<sup>38</sup> „Wenn Großkonzerne viel Lobbyismus betreiben gibt es natürlich auch ein Ungleichgewicht.“

interests<sup>39</sup>. F. says the lack of transparency in the negotiating process<sup>40</sup> has made him particularly distrustful of TTIP. This, he says, is a clear sign that the deal will be undemocratic and that it will favour multinational companies; and he says it makes supporters of the deal appear unreliable. He says a key prerequisite for creating a “more sensible” deal would be to include a broad section of the general public in the negotiating process<sup>41</sup>.

F. says that because of the way in which the main-stream media and other publicity is consciously influencing the debate, it is now a challenge to get to the bottom of what is actually going on with TTIP<sup>42</sup>. He also says he does not feel well informed about TTIP by the main-stream media because most outlets have their own agenda on it<sup>43</sup>. For this reason, F. says he actively seeks out critical information sources and networks. It was via these networks (Grüne Wirtschaft, Attac, Global 2000) that F. learned about the STOP-TTIP campaign. F. hopes that the campaign against TTIP will create a critical mass because, he says, that is the only way something will actually get done<sup>44</sup>.

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<sup>39</sup> „Dahinter stecken eben Konzerne denen die Gesundheit der Menschen und die Lebensgrundlage völlig egal ist. Die schauen nur wie man in kurzer Zeit so viel Geld wie möglich machen kann. Und es gibt eben anscheinend Politiker die da mitverdienen oder ein gewisses Interesse haben und nicht mehr im Sinne des Allgemeinwohls entscheiden. Die eben nicht alles miteinbeziehen, sondern sehr konzernlastig entscheiden. [...] Das finde ich sehr bedenklich. Das ist für die Politik völlig unglaubwürdig. Das stärkt das Gefühl der Bevölkerung, das Politiker und Konzerne unter einer Decke stecken. Da ist ein sehr starkes interessenlastiges Denken zur Profitmaximierung drin und alles andere ist völlig egal. Der Mensch wird zur Ware. Das ist aus meiner Sicht eben nicht korrekt mit den Menschen so umzugehen, mit der Gesundheit so umzugehen und auch mit dem Ökosystem.“

<sup>40</sup> „Wir reden von Demokratie und Transparenz. Die findet da nicht statt. Es wird hinter geschlossenen Türen verhandelt, es werden Sachen umformuliert, über Medien wird der Masse weiß gemacht ‚das ist super‘ und wenn man dann genauer schaut sieht man, dass sich nichts geändert hat. Also es ist wieder im gleichen Interesse formuliert. Das ist eben sehr bedenklich, weil es demokratische Prinzipien untergräbt. Mit fehlender Transparenz gibt es keine Glaubwürdigkeit. Somit ist das relativ klar.“

<sup>41</sup> „Es muss die Öffentlichkeit da sein und es müssen alle Akteure an einem Tisch sein.“

<sup>42</sup> „Das ist ja das schwierigste für den Einzelnen, wirklich zu erkennen was dahintersteht.“

<sup>43</sup> „Ich schaue natürlich viele Medien an. In den Mainstreammedien erfährt man zwar, dass irgendetwas passiert, aber meistens steht da schon ein eigener Aspekt dahinter, der vermittelt werden soll. Damit Leute eben auch entsprechend abstimmen. Das ist für mich ein Grund mir auch andere Medien oder Newsletter anzuschauen.“

<sup>44</sup> „Das ist mein Wunsch dahinter. Dass die kritische Masse wächst. Vielen ist ja nicht bewusst was das bedeutet oder sie denken, dass sie eh nichts tun können. Manchmal scheint es ja wirklich so als wäre man machtlos und nur reine Einzelperson zwischen 8 Millionen. Aber jeder Tropfen ist wertvoll.“

#### 4.6. Case Study – Footwear

Mr L. is the joint owner of a shoe factory and an associated trading company. The shoe factory is a large company that produces shoes, mattresses and other products which are then marketed via the GEA network. The company is described by Mr L. as “broadly committed to the environment”. As a result of access to its own distribution operation and thanks to a close relationship with its regular customers the company is able to sell products that are produced in accordance with high ecological and social standards and which are therefore sold at a price that exceeds the usual market price<sup>45</sup>.

L. is not interested in trading outside the German-speaking zone because he says this zone already offers sufficient growth potential. Advertising is important to the company. Its competitive strategy is based on product segmentation and not on price competition. L. says the company’s “communications skills” are rooted in the German language and he has no interest in opening up other language zones<sup>46</sup>.

L. emphasises the significance of the company’s own distribution network, saying it is a key part of his competitive strategy. He says that “small shoe traders” are forced out of the market by large shoe distributors making it difficult for small shoe producers to sell their products. L. says that, in his opinion, the shoe industry in Germany, Austria and Switzerland is therefore so “completely wrecked”, that TTIP cannot have any further negative impact on the shoe industry.

L. sees in TTIP a growing trend towards an undemocratic society. “TTIP and Co is all part of the same formula.” Here L. refers to his view of the world with what he describes as its enormous and growing volumes of international financial speculation and the inability of governments to stop it. He also sees moves towards a reinforcement of “structures and frameworks” which strengthen a form of growth based on the obsolescence of goods<sup>47</sup> (and a tendency towards creating monopolies by forcing smaller companies out of the market). TTIP, he says, will reinforce an existing structure which will lead to the disappearance of small operators by benefitting the larger ones<sup>48</sup>.

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<sup>45</sup> „bei uns ist es ein bisschen so dass unsere Stammkundenbindung fast so was wie eine bewusste Überlebensentscheidung zwischen Kunden und uns wo Leute bei uns einkaufen weil sie wollen das wir existieren und da glaube ich nicht das das so schnell angreifbar ist“

<sup>46</sup> „Sehnsucht dieses Kommunikationsprojekt in einer anderen Sprache zu machen“

<sup>47</sup> „Der Lebensmittelhandel kann nichtmehr Wachsen außer durch wegwerfen“

<sup>48</sup> „Diese Strukturen oder die Rahmenbedingungen erleichtern den Großen das größer werden und sind für die kleinen im Überlebenskampf mühsam“

Instead of democratic decisions, L. says we now have a situation in which the individual is being controlled by diktat imposed by invisible (“unknown”) and unscrupulous (“brutal”) business people. The increasing growth of large operators, he says, is at the cost of everyone else and the environment.

In conclusion L. mentions the threat posed by TTIP to small-holder farmers<sup>49</sup>.

He says industrial agriculture will be a beneficiary of TTIP. In addition to the negative effects he says it is having on small-holder farmers, he also argues that industrial agriculture is a significant contributor to climate change<sup>50</sup>.

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<sup>49</sup> „und zwar gibt es im Waldviertel noch immer relativ starke kleinflächige Landwirtschaft die durch diese Geschichten ganz sicher keinen Vorteil hat sondern eher unter die Räder kommt“

<sup>50</sup> „diese industrielle Landwirtschaft ganz ganz wesentlich für den Klimawandel verantwortlich zu machen ist“

## 5. Interpretation and Analysis

The summaries of the interviews provide us with a very clear insight into the reasons why the interviewees decided to come together and strongly express their opinions. Below is a closer analysis of the interviews.

By taking the question, “Why is the ‘SMEs Against TTIP’ campaign taking action?”, it was possible inductively to determine the following central concepts from the interviews: “economic frameworks”, “options for shaping political decisions”, “trust in information sources”, and “discrepancy between self-interest and personal experience”. These concepts are explained in more detail below and then compared against each other. The aim of this process is to obtain a synthesis of the case studies.

### **Options for Shaping Political Decisions**

This concept looks at how the interviewees perceive what influence they can bring to bear on political decisions.

On the whole we see that the lack of transparency in the negotiating process creates a considerable sense of mistrust with most of the interviewees. As such this lack of transparency in the negotiating process works as a multiplier: we are badly informed about TTIP, and the ability to shape political and policy decisions is rendered impossible for large sections of society. Instead it is mostly “large” political and economic heavyweight players that are given the opportunity to influence the negotiations. SMEs are not included in this group and as such our interviewees are highly distrustful of TTIP. At the same time the interviewees argue not only from their perspective as entrepreneurs, but also as private citizens. And equally as citizens, they feel that the negotiations are not taking account of their interests and concerns.

### **Trust in Classic SME Interest Groups and Information**

The heading “Trust in Information Sources” brings together statements evaluating the intention behind the information received as well as statements about the quality of the information.

The SMEs interviewed on the whole show a relatively high level of distrust of the classic SME interest groups. Both WKÖ and IV are seen as representatives of large companies. The interviewees showed greater affinity with organisations and interest groups that are critical of TTIP (Attac, Grüne Wirtschaft,

Global 2000, ...). At the same time, they also criticised the information provided by the main-stream media. The interviewees said that these media are designed to report “what is happening now”, but they said one could not turn to them to find out “the truth” about TTIP, because they follow their own agendas. For this reason, all the interviewees made relatively strong individual efforts to obtain information and indeed turned to different sources of information. It was also clear that most of the interviewees have a well-developed network on this issue (e.g. access to a range of critical newsletters, membership of different critical organisations, etc.)

As far as information about the possible economic effects of TTIP on their own businesses is concerned, here the answers are somewhat weaker. When assessing the actual effects of TTIP on their own companies the interviewees are reticent and often imprecise. The key issue here seems to be a lack of information: the lack of transparency in the negotiating process makes it impossible in many cases to obtain a clear view of what is happening. Furthermore, there is a lack of concrete information about the possible effects of TTIP on the different business activities of the companies.

### **Discrepancy: Self-Interest / Personal Experience**

The heading ‘*Discrepancy between Self-Interest and Personal Experience*’ means the tension between the perception of the actual situation and recent political decisions on the one hand and one’s own interests – as both a citizen and an entrepreneur – on the other.

The interviewees’ concerns about the anticipated effects of TTIP and a negative assessment of those effects are motivated primarily by personal, socio-political considerations. The points of criticism are however very varied (concerns about the environment and democracy; a lack of “fairness”; the expectation of a greater economic imbalance between large and small businesses in general; lack of transparency; etc., etc.).

The socio-political issues deemed by the interviewees to be important are not seen in the current situation. One of the ways in which this is expressed is in terms of a rejection of the current form of so-called “free-trade”, in other words the international trade in goods between countries with differing ecological and social standards without rules to protect nationally determined interests. This is where the contradiction between one’s own socio-political position and the perceived reality is at its most acute – because democratically legitimised rules which have to be followed in one’s own country are not observed by partner countries with which one is trading. This is perceived to be problematic, both from a socio-political point of view, as well as economically.

As the companies follow a variety of different competitive strategies which are not based on price competition and as such are not actually represented – even by politicians – in the discussions on

expanding “free trade”, the discrepancy between one’s own interest and the current trade policy also has to be taken into account from an economic point of view.

### **Economic Frameworks**

*Economic Frameworks* means those conditions and circumstances which have an impact on the business activities of the entrepreneurs. These vary between the different companies depending on their specific area of business activity.

Thus in terms of trade in goods, mention was made of rules regarding, for example, allergy labelling (within the EU); certain rules in the food industry (within the EU); and those in the cosmetics industry (global). Our interviewees said that some changes to the EU rules in the food industry would be desirable; whereas a reduction in the rules in the cosmetics industry would represent a possible threat to the Austrian cosmetics company interviewed. Similarly, in eco-construction NTBs were cited as giving rise to high market-entry costs and indeed it is these costs that form the competitive strategy of this service provider. It is, among other things, the high regulatory requirements and standards that make his specialisation in this sector profitable.

If one includes tariff and non-tariff costs under the *Economic Frameworks* heading, then a reduction in these tariffs has different impacts in different sectors. Such a broad use of the term, combined with the neoliberal narrative according to which greater competition leads to increased social wellbeing makes any assessment of the economic impact of TTIP all the more difficult. Accordingly, the interviewees also found it difficult to make a concrete assessment of the effects of TTIP on their companies.

Interestingly other forms of tariff regulations – such as subsidies – were not mentioned. That is surprising given that business subsidies play an important role in Austria (e.g. BMFW 2014:146 et seq.). What is also striking is that the structures governing public procurement were not mentioned by the interviewees or linked by them to TTIP (an overview of Public Procurement is available in Feigl 2014). Unfortunately, it is not possible to say at this point if this is due to a general lack of information or to the small sample size of interviewees. But these types of non-tariff barriers must be taken into account when making an assessment of the effects of TTIP on SMEs and will be included in any subsequent discussion on *Economic Frameworks*.

Conceptually speaking the term “*Economic Frameworks*” should be defined as a structure that is characterised by tariff and non-tariff regulations and thus varies depending on the particular area of activity.

### 5.1. Why Are SMEs Fighting Against TTIP?

The analysis of the interviews revealed various levels at which SMEs’ opposition to TTIP could be found. It is clear that none of the interviewees believe the narrative that TTIP will be of particular economic benefit to SMEs. Their overriding negative assessment of TTIP is supported primarily by political arguments. It was clear that the interviewees were arguing not only from their position as entrepreneurs, but also that their private political positions are particularly significant here.

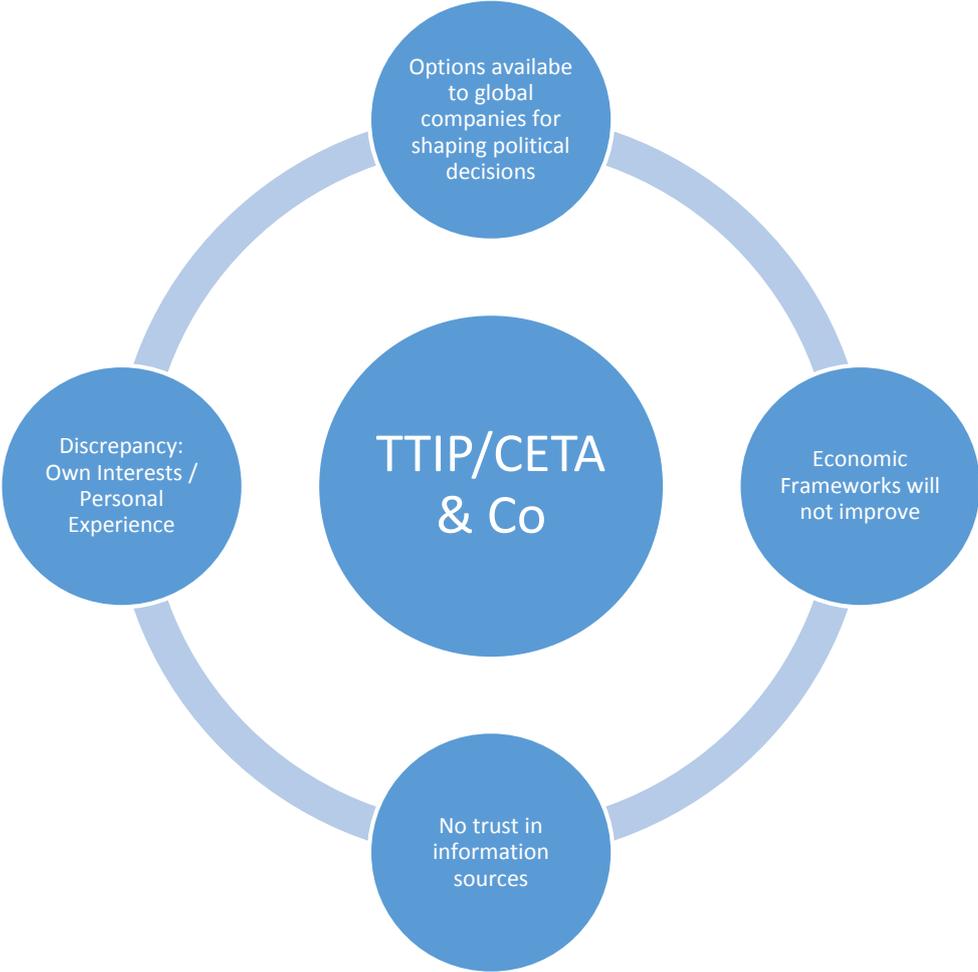
TTIP is seen as a **political project** promoted by companies that are active globally; and it is seen as being designed by and for those globally active companies. The proposed investor-protection agreement for globally active investors, and the dominant, political influence from the large corporate lobbyists came in for particular criticism. Objections here relate to the lack both of democratic legitimacy and of opportunities, as a business, to participate in setting the framework for one’s own area of activity. In this context there was particularly fierce criticism of the lack of transparency in the negotiations and the weakness of democratic legitimacy.

None of the interviewees expects there to be any improvement in the *Economic Frameworks* for SMEs. Possible negative effects on small-holder farmers are mentioned, as are the dangers of price competition putting some companies out of business. As a result of the poor level of information available - resulting not least from the lack of transparency in the negotiating process - the interviewees were rather cautious when expressing thoughts about the economic effects of TTIP on their own areas of activity. The perception that there are only **limited options for shaping political decisions** – particularly given the perceived dominance of multinational conglomerates – together with the experience of not being consulted or listened to, has left the interviewees with the impression that TTIP will not benefit them.

The assessment that TTIP benefits primarily large concerns is reinforced through previous experience. **The discrepancy** between their own interests (political and economic) and their perception of the economic and political area of activity leads the interviewees to believe that they are not being represented at the political level. As such TTIP is then seen, among other things, as a continuing trend that could lead to a further worsening of their own situation. Therefore, TTIP contributes to this trend heading in an undesirable direction.

The discrepancy between one’s own interests and political decisions taken in the past; the dominant tendency for the positions of large corporates to be taken into account when political decisions are made; and the perception of the current economic frameworks all ultimately lead to a situation where there is **no trust in the information provided by groups representing the interests of SMEs** (where statements on TTIP are concerned). Similarly, there is only limited trust in the main-stream media.

**Figure 1:**



5.2. Competition Strategies and Future Research: How Will TTIP Affect SMEs?

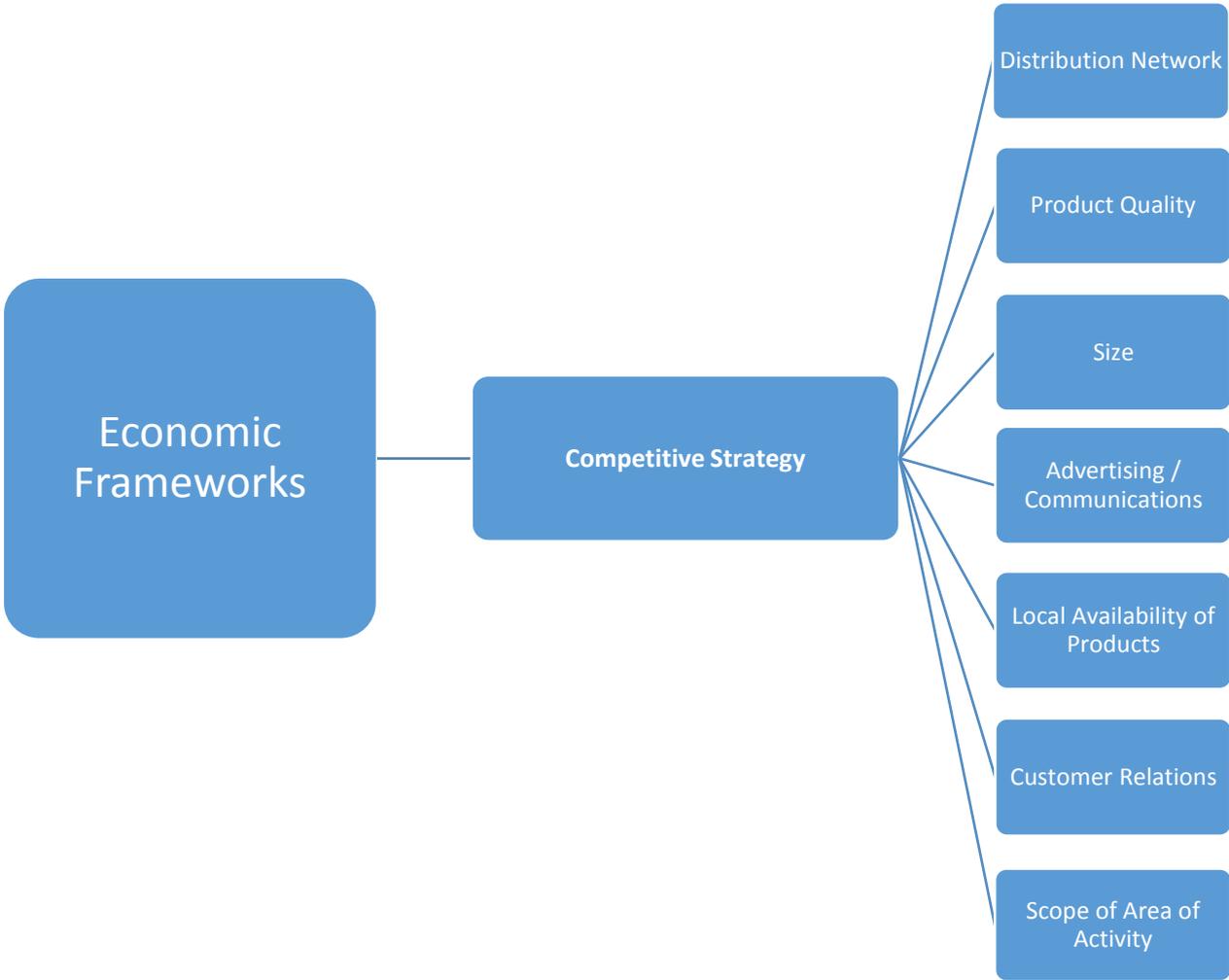
In this section we present the outlines for an analysis model to assess the effects of TTIP on SMEs.

As already shown above in the discussion on the term “Economic Frameworks”, interviewees found it difficult to answer the question “what economic impact will a change in the economic frameworks

have on SMEs?”. This is because the category SME is too vague to be able to arrive at an adequate assessment of the effects of a change in tariff and non-tariff regulations.

In order to deal with this the companies, based on the interviews carried out, were classified by type. These classifications can then be used to carry out an empirically based discussion of the possible effects of TTIP on SMEs. To do this the different characteristics were inductively compiled from the interviews. These characteristics are: ‘access to distributor networks’, ‘sale prices’, ‘product quality’, ‘local availability’, ‘company size’, ‘communications strategy’, ‘customer relations’, ‘scope of area of activity’. These characteristics can be described as the competitive strategy, given that they can be seen as crucial for success on the market. It can be assumed that the SMEs have developed a functioning competitive strategy within the existing “economic frameworks”. If one sees TTIP as a political measure that changes the “economic frameworks” for SMEs, then one has to ask the question: what impact will this have on the established competitive strategies?

Figure 2:



In broad terms the dominant neo-classical free-trade debate is based on the idea that, with total competition, markets find the best possible allocation (coordination of the economy) and distribution (distribution of goods produced). From the neo-classical point of view, the central concept is competition. The credo goes like this: the more competition the better! This political claim is then further consolidated in the debate by supporters of TTIP who claim that the harmonisation of regulations and standards should reduce the costs of transatlantic trade and that thereby all those involved will benefit. Here regulations and standards are simply viewed as barriers standing in the way of the desired competitive investment. But this overlooks the fact that any changes in regulations and standards can in no way be neutral. Given that companies have set themselves up and adapted to comply with the existing structures and have developed functioning strategies accordingly, any change in structures could mean that specific corporate structures would no longer work. An example of this might be niche products which are further supported by specific labelling requirements. If, for example, the labelling rules or the technical provisions on which they are based were to change, this could destroy a company's business model. So the concept of "competition" needs to be seen as far more complex than as just a limited debate about reducing costs. When considering the question of what the economic effects of TTIP will be on SMEs, one needs to examine what impact any changes in the economic frameworks would have on SMEs' business strategies.

In the TTIP debate, competition is also of key importance from another perspective. If the aim of reducing tariffs (duties) and NTBs is to simplify access to transatlantic trade, then the likely consequence will be an increase in the concentration of businesses in those sectors affected. The result will be greater competition, to which companies, regardless of their characteristics, can react using different competitive strategies.

In addition to the tariff and non-tariff barriers mentioned by the interviewees, they also mentioned concentration of businesses in different sectors. In the shoe sector, for example, large companies dominate not only shoe production but also shoe distribution. There is no expectation that in this sector further market-liberalisation measures will have any impact because here, large companies already use the option of vertical market concentration. "Vertical market concentration facilitates a direct link between downstream production and commercial stages. This secures the market and excludes corrective suppliers from these stages. An example of this would be the incorporation of retail businesses to one industrial enterprise." (Kromphardt 1991:159). In the case of the shoe industry any change in the economic frameworks emerging from TTIP would scarcely mean any improvements for SMEs. At the same time the increasing concentration of businesses – which would be promoted by TTIP – would lead to competitive strategies from large companies that would benefit neither SMEs nor consumers (Kromphardt 1991:157, et seq.)

It would be possible to carry out an appropriate assessment of the impact of TTIP on SMEs through future research as follows: a comprehensive characterisation of SME competitive strategies and a precise profiling by type of the SMEs would provide the basis for a quantitative survey in order to establish the spread of the different types of company. Then different TTIP scenarios could be devised which could be used to evaluate the impact of TTIP on SMEs. These scenarios could perhaps also form the basis of political recommendations.

## 6. Conclusion

This paper evaluates the first six interviews of a study in which we explore the reasons why Austrian SMEs feel motivated to campaign against TTIP. Furthermore, the paper presents the outline of an analysis model that could be used to evaluate the impact of TTIP on SMEs. This model uses the everyday knowledge of the entrepreneurs interviewed.

The interviewees name various reasons why they have joined the campaign against TTIP. These reasons include: the lack of transparency in the TTIP negotiations; the dominance of global companies in the drafting of the TTIP agreement; the investor-protection clause known as ISDS; a lack of arguments setting out how TTIP would be of particular benefit to SMEs; mistrust of information emanating from the EU, IV and WKÖ but a stronger trust in NGOs and other interest groups; too little participation in the negotiating process; and a desire to raise social and ecological standards.

From an analytical point of view, the different themes can be divided into four categories and then compared and contrasted. The categories are: “shaping political decisions”; “economic frameworks”; “trust in information sources”; “discrepancy between self-interest and personal experience”. Moreover, these different categories reinforce each other and, in view of their negative nature, further bolster the feelings of a need to campaign against TTIP.

The interviewees perceived social policy issues (e.g. the desire to raise ecological and social standards) as well as social and political problems (e.g. transparency and democratic legitimacy) as more important than the potential economic impact of TTIP on their businesses. Their perceptions of what the economic impact of TTIP would be on their respective areas of business activity vary. Most seem to believe that the main impact of TTIP would be an increase in price competition. As most of the entrepreneurs interviewed apply competitive strategies that are not linked to price competition (special client relations; product specification and segmentation; product quality; ecological standards; etc., etc.) and as there is limited knowledge about the possible impact of TTIP on these specific business models, the interviewees suspect that TTIP will have no impact on their business activities.

International trade (outside the EU) is dominated by large corporates and there is no reason to believe that TTIP will change this structure. It remains unclear which companies and SMEs will be winners or losers as a result of TTIP. Nonetheless, for a large percentage of the population the anticipated risks of TTIP outweigh potential benefits – and as such TTIP loses its democratic legitimacy.

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