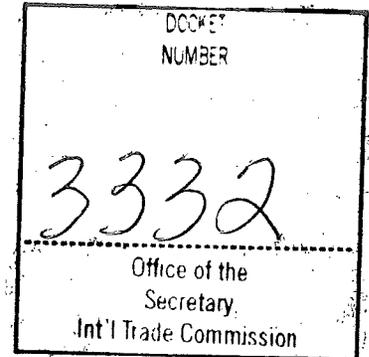


THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON

August 2, 2018



The Honorable David S. Johanson
Chairman
U.S. International Trade Commission
500 E Street, S.W.
Washington, DC 20436

Dear Chairman Johanson:

U.S. small businesses are key engines for economic growth, jobs, and innovation. The Office of the U.S. Trade Representative (USTR) continues to pursue efforts to ensure that the specific export challenges and priorities of small- and medium-sized enterprises (SMEs) and their workers are addressed in our trade policy and enforcement activities and has expanded cooperation with trading partners on small business issues. As previous studies by the U.S. International Trade Commission (USITC) have shown, small businesses benefit from trade policies that expand their export opportunities. As indicated in those reports, trade policies can particularly help SMEs boost exports by tackling tariff barriers, burdensome customs procedures and low *de minimis* thresholds for duties and VAT, discriminatory or arbitrary standards, and lack of transparency relating to relevant regulations in foreign markets. Such policies can also enhance trade facilitation work, help strengthen and enforce intellectual property rights, facilitate digital trade and thereby expand the global customer base for SMEs, and target services barriers that present difficult challenges for SMEs.

The United States-United Kingdom Trade and Investment Working Group was launched in 2017 to explore ways to strengthen trade and investment ties and provide commercial continuity for U.S. and United Kingdom (UK) businesses, workers and consumers as the UK prepares to leave the European Union. The Trade and Investment Working Group covers a range of topics including SMEs. Tens of thousands of U.S. SMEs export to the UK, making the UK the third largest destination for U.S. SME exports ranked by number of SME exporters and the fourth largest destination by SME export value. Given the significance of small businesses to both economies, the United States and UK agreed to establish a Small and Medium Enterprise Dialogue to promote closer collaboration and the sharing of best practices on policies and programs to support SME businesses and export opportunities in each country's market, as well as to identify trade barriers that disproportionately burden SME exports. Building on previous USITC reports that investigated the role of U.S. SMEs in trade and generally identified trade barriers that may significantly impact U.S. SME export performance, I believe that the USITC can also be helpful to us in identifying such barriers in the UK.

Therefore, under authority delegated by the President to the United States Trade Representative and pursuant to Section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)), I request that the Commission conduct an investigation and prepare a report that catalogues trade-related barriers that SMEs perceive as disproportionately affecting U.S. SMEs exporting to the UK, compared to larger U.S. exporters to the UK.

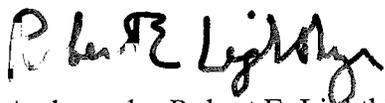
In identifying these barriers to exporting, the Commission may consider information and definitions contained in the three Commission reports on SMEs released in 2010, the Commission report on *Trade Barriers that U.S. Small and Medium-sized Enterprises Perceive as Affecting Exports to the European Union* released in 2014, any relevant literature, and information gathered from SMEs and others throughout the investigation. The report should cover barriers faced by U.S. SMEs exporting manufactured products, agricultural goods, and services, focusing primarily on barriers identified by U.S. SMEs that have experience in exporting to the UK either directly or through supply chains. To the degree practicable, the investigation should identify barriers by economic sector and should focus on sectors with high concentrations of SMEs.

The report should be based on available information, including information furnished by SMEs and interested parties following the Commission's notice of investigation. To the extent applicable, the Commission should provide qualitative distinctions among the identified trade-related barriers. Additionally, the report may include suggestions gathered from SMEs or the relevant literature for actions that would help address some of the identified barriers and enhance the participation of U.S. SMEs in U.S.-UK trade.

I request that the report be delivered by July 31, 2019. As we intend to make the Commission's report available to the public, the report should not include confidential business or national security classified information.

I appreciate the Commission's assistance and cooperation in this matter.

Sincerely yours,



Ambassador Robert E. Lighthizer
United States Trade Representative