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COUNCIL “COTRA” LUNCH DEVOTED TO TRANSATLANTIC RELATIONS

REMARKS BY PHILIPPE DE BUCK, DIRECTOR GENERAL OF BUSINESSEUROPE

Mr President,
Distinguished members of the COTRA committee,

It gives me great pleasure to be here to exchange views with you on Transatlantic economic relations on behalf of BUSINESSEUROPE.

The United States is the top export destination for European goods and services and our biggest investment partner.

Transatlantic figures at a glance

Trade in goods

- EU good exports to the US in 2009: **€204.4 billion**
- EU goods imports from the US in 2009: **€159.8 billion**

Trade in services

- EU services exports to the US 2009: **€119.4 billion**
- EU services imports from the US in 2009: **€127.0 billion**

Foreign Direct Investment

- EU investment flows to the US in 2008: **€121.4 billion**
- US investment flows to the EU in 2008: **€50.5 billion**
- Total transatlantic FDI stocks **€2.1 trillion**
- Transatlantic Workforce: **12-14 million** in direct employment

Decisions taken in Washington affect European businesses almost as much as decisions in Brussels, Berlin, London or Paris. BUSINESSEUROPE is therefore a strong supporter of close ties between the European Union and the United States, particularly in the framework of the Transatlantic Economic Council (TEC), an institution that has great potential. The TEC is important because it brings together Commissioners and Cabinet level Secretaries to discuss issues of strategic economic interests like relations with China as well as how to overcome problems in the transatlantic trade and investment relationship.

But it is not only because of our bilateral relationship that Washington matters to European companies. US EU cooperation is also vital to address American and European interests in the high growth emerging markets of the world. US firms and European firms face the same challenges in these vital markets and often government support is needed to urge open approaches to economic development.



Let me highlight just a few areas where I believe the teamwork between America and Europe can be deepened.

The first is the trade agenda. As the homes of the world's largest networks of multinational corporations, our economies are dependent on trade to create jobs. More than any stimulus package, a completed Doha Round would deliver a shot in the arm to our respective economic recoveries. Europe and the US have not always worked as cooperatively as they could to achieve our collective goals of new market access for goods and services in emerging countries but they need to now for the sake of jobs and growth. And let me be clear, while I do believe that more effort is needed in Washington on this agenda I am also very clear in my conversations with the European Commission that Brussels can contribute more. I have recently engaged in a joint initiative with my American counterparts to try to give a stronger push – in Brussels and in Washington – to finally conclude this deal.

Apart from the Doha Round, the US and Europe need to model good behavior and call out the bad behavior of others when it comes to protectionism. We are not out of the crisis yet so we must remain vigilant.

The second is financial regulation. Important legislation is making its way through Congress as we meet. The EU is also pressing forward with new financial regulation. BUSINESSEUROPE believes that new regulation is necessary to avoid the mistakes of the past, certainly. But we are clear that, from the perspective of non-financial companies, the industries and service providers that bring jobs to our citizens, access to finance is vital. The reforms that we introduce on issues such as over the counter derivatives, capital requirements and hedge funds must make sure that their cumulative effects do not lead to a dearth of capital for the important risk taking that underpins growth. We must also safeguard against raising the cost of capital by causing market fragmentation. Transatlantic capital markets are deep and help non-financial companies grow. EU-US coordination, through TEC and between Congress and the European Parliament and Member States is vital.

The third is on green economic development. We are all rightfully focused today on how as business and as government we can increase tackle climate change and increase our energy security by moving towards energy efficient goods and services and clean energy sources. We are also conscious that there is a huge potential for new jobs and growth in all sectors of the economy related to achieving these goals. There is huge potential for Europe and the US to maximize the growth potential from green goods and services by making a strategic decision to work together on standards, regulation, innovation and research for these products. In research and innovation terms, we can achieve synergies and economies of scale that will propel our entrepreneurs forward. In standards and regulation we need to create real global markets. If Europe and the United States, public entities and private standards bodies, can agree on the essentials of the standards for electric cars or smart grids, then getting to global systems will be much easier. What BUSINESSEUROPE wants is that we adhere, at least for this sector to the motto of “approved once, accepted everywhere”. In practice, this would mean adopting common testing procedures, and where possible common standards, to reduce compliance costs on the transatlantic



market. At a recent BUSINESSEUROPE event, we were happy to note that the EU-US High Level Regulatory Cooperation Forum will soon be introducing common testing procedures for cold storage rooms and other cooling equipment. If this model works, we should apply to other products and policies as well.

Finally, I would be remiss if I did not raise a subject that is very important for the huge trading relationship between Europe and the United States - secure trade. Transatlantic differences over how to enhance the security of citizens from terrorist, criminal or other threats have consistently posed problems for the transatlantic business community. We believe that a risk-based approach to such issues will actually enhance security and safety by making sure that the limited resources that are available for inspections are devoted in the most targeted possible way. BUSINESSEUROPE would like to see the issue of the 100% scanning issue resolved along these lines.

Ladies and Gentlemen,

Thank you all for your attention. If I may, I offer a toast to the COTRA committee's continuing engagement to strengthening the transatlantic relationship!