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## **EESC HEARING ON TTIP**

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Dear Chairman, Members of the Economic and Social Committee,

It is a great pleasure for me to be with you today at this hearing. Thank you for your interest in BUSINESSEUROPE's priorities in the Transatlantic Trade and Investment Partnership.

TTIP is clearly a priority for us: it has an enormous importance for the EU business. There is a huge potential in the transatlantic relationship that is still untapped.

At times when the multilateral trading system is experiencing troubles, to say the least, and at times when the EU is negotiating FTAs with many other trading partners around the world, let's not forget that the US is not only our largest and most important trading partner, but also a like-minded partner with which we share ideals and values. This is a rare condition - and an excellent basis for an ambitious outcome!

We shall build on this. What is at stake is not only the transatlantic relationship as such, but also the role the EU and the US, more closely together, will be able to play in the years to come in the world trade arena.

What are the main issues that the EU business community would like to see addressed in the Transatlantic Trade and Investment Partnership? There are issues that we want to see dealt with in any agreement. But this is not just any agreement, and this is why we must go well beyond.

A first step will be to reduce in a meaningful way **all kinds of existing barriers**.

This affects traditional barriers, and here I think of course firstly of **tariffs**. But tariffs are in a way a marginal aspect of the transatlantic partnership. Of course, when one considers that they are applied to such a large quantity of goods, the



elimination of even low average tariffs like the existing ones makes an important difference.

But we are much more ambitious than that: we call for an agreement that covers regulatory cooperation, public procurement, services – including financial services, investments, intellectual property rights, customs and trade facilitation.

Let me go into the details for some of these these important chapters.

**Achieving regulatory coherence would be the major TTIP deliverable!**

Today regulatory divergences are a significant obstacle to a more integrated transatlantic economy. They take the form of different technical regulations, specifications, standards and conformity assessment procedures. Companies have to design and manufacture products in two different ways, with all associated costs: one for the domestic, and one for the transatlantic market. In addition to this, ‘behind-the border-barriers’ reduce competitiveness on global markets and delay market entry of innovative products and prevent the internationalization of our SMEs. Just to give an example: EU exports to the US in the machinery sector, which is mainly comprised of small firms, face NTBs that increase costs by an estimated 46%!

Our objective must be to eliminate or reducing existing regulatory divergences and preventing new ones from arising in the future. This is the objective of regulatory cooperation. TTIP offers a unique opportunity for doing this.

We should not have the illusion that a one-size-fits-all approach is a realistic option. We know this. The exact objective of regulatory cooperation will be different from sector to sector and solutions targeted to solve divergences in specific sectors will need to be identified.

Results can already be achieved during the TTIP negotiations. The reduction of technical barriers to trade will enter into force on day one for some sectors. However, it probably will not be possible to tackle all existing divergences in all sectors during the negotiations. Therefore, the negotiations should aim at establishing work-plans for continued sectoral collaboration.

What we want is the establishment of an institutional framework that directs regulators to come together and consult each other before regulating. In this way, TTIP will ensure that in the future fewer divergences will exist. TTIP will be



a “living agreement” that will bear fruits even after the TTIP negotiations are concluded.

**Public procurement** is another key area. It offers significant opportunities to European companies exporting to or producing in the United States. Regrettably, we are witnessing a worrying trend of proliferation of restrictions that cover a variety of sectors and substantially affect European companies’ interests in the US.

“Buy America” provisions contradict the spirit of increased cooperation between the EU and the US. More worryingly, they may hamper the attempt of creating a truly transatlantic market place by limiting the scope of TTIP negotiations. Procurement restrictions and the non-transparent implementation of provisions also create legal uncertainty for EU companies.

European companies already face a lack of reciprocity in American public procurement. Therefore, any new local content requirement, at a federal or a state-level should not be accepted by the EU, especially in the context of the current negotiations. We urge the European Commission to step up its efforts towards the removal of all “buy local” restrictions. We shall take advantage of the unique window of opportunity offered by the current trade negotiations and strive for the application of fair, transparent and non-discriminatory principles for procurement bids at all levels of government.

**Investments** are the real driver of the transatlantic relationship and contribute to growth and jobs on both sides of the pond. The US is the biggest investor in the EU. Just before the crisis, investments from the US amounted to almost 200 billions euros.

The TTIP has a crucial role to play in promoting transatlantic investments further: by reducing non-tariff barriers to investments alone, there would be a 10.9 % increase in employment of EU workers by US firms. This is the result of the economic assessment done by the Centre for Economic Policy Research in London.

According to another study entitled “Transatlantic Trade and Investment Partnership (TTIP): Who benefits from a free trade deal?” by the Bertelsmann Foundation, in the long term, a deep liberalisation could lead to 1.300.000 new jobs in the EU, of which 400,000 in the UK, 181,000 in Germany and 121,000 in France. That’s why negotiations should be mandated to maximize the investment gains in terms of jobs and economic growth.



We believe that the EU and US should be able to reach a very liberal agreement that is based on non-discrimination and provides for a state of the art investor-to-state dispute settlement mechanism. We request that European companies be given the same treatment as national companies in as many sectors as possible – including services.

Remember that the EU is the biggest investor in the United States, with nearly 2 million jobs in the US supported by the US subsidiaries of companies from UK, Germany and France alone. Every single state in the US has workers in jobs that are created and sustained by EU companies.

There are a number of other issues that will have to be addressed in the agreement: services, customs and trade facilitations, IPR, competition rules, export restrictions, special provisions for SMEs, etc. We cannot touch upon all of them today, but our objective is clear: we aim for a very ambitious and comprehensive transatlantic agreement.

European business will stay engaged throughout the process and you can count on BUSINESSEUROPE to help forge a model trade deal. We are convinced that TTIP offers great new potentials on both sides of the Atlantic. So let us not miss this great opportunity!

Thank you.

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