



## **National Parliaments: Vital for Trade and TTIP**

1 June 2015

**Cecilia Malmström**, Commissioner for Trade

*Riga – COSAC, 53<sup>rd</sup> Plenary Meeting*

Ladies and gentlemen,

Parliaments are essential to European identity, essential to the European project, essential for the EU-US Transatlantic Trade and Investment Partnership, or TTIP.

Parliaments are a European invention and anchored in our history.

The Athenian assembly, the Roman senate, the Icelandic Althing, the world's oldest parliament, the assemblies of nobles in the middle ages all across Europe, and the eighteenth century's narrowly elected parliaments in the UK or in Sweden, my home...

... these parliaments are the predecessors of the bodies that you represent today.

And as we continue to build the European project, the European Parliament and national parliaments must be at the core of our work.

You make sure that citizens' voices are heard in national and European decision making. And by debating each policy choice – in your chambers, in the media and in conversations with voters – you help make sure that citizens fully understand what's at stake.

This goes for trade policy choices like TTIP as much as any other.

The European Union's trade policy is often seen as a technical subject. But the reality is that it's a tool to change the lives of Europe's citizens, consumers, workers and entrepreneurs for the better.

So it is essential that they are fully aware of the choices the European Union has to make on trade. And that their views are taken into account in our work in Brussels.

Over the last year, a welcome public debate on TTIP has been taking place in many countries across the European Union. And that's what we are here to talk about today.

I want to listen to your views but first let me make three points:

First, about the economic and strategic benefits of this agreement

Second, about how the EU is addressing people's concerns.

And finally about how we can work together to deliver sustainable solutions to people's concerns and demands.

\*\*\*

TTIP is a major part of Europe's strategy to re-energise the European economy by opening markets and creating jobs.

That strategy involves working hard for progress at the World Trade Organisation. It also involves a comprehensive set of negotiations for bilateral free trade agreements on all continents. For example, we have an excellent agreement with Canada and advanced negotiations with Japan and Vietnam.

Why are we doing this?

More open markets mean new export opportunities that require new workers.

Take our agreement with South Korea. Since it went into force in 2011, our total exports to South Korea are up by 35%. In the car sector they are up by 90%.

There are 31 million Europeans in jobs today thanks to our exports around the world, almost 5 million of them thanks to exports to the US. We need more jobs like these.

More open markets also benefit consumers, who can gain access to a wider choice of goods and services at lower prices.

And more open markets also make our companies more competitive. Two thirds of Europe's imports are parts, components, raw materials and energy. And 13% of the value of Europe's exports is made up of imports. By reducing their cost we get more efficient firms, ready to take on the world and bring prosperity back home to Europe.

TTIP is a linchpin of these broad efforts because it's a negotiation with the world's second largest economy. But how will it work specifically?

Let me give you three examples:

First, TTIP will help companies competing for **public procurement** contracts in the US.

In Finland there is a company called **Efla**, based not far from Helsinki. They make equipment for the lighting systems that help planes land safely on airport runways. Their products are certified as safe by the US authorities. But they still can't sell them because US law limits how much state and local authorities can buy equipment produced outside America. We want TTIP to get rid of public procurement barriers like those.

Second, TTIP will reduce or eliminate almost all tariffs.

In Spain, different companies have to pay high tariffs in the US. It happens that there are many SMEs in sectors like food and footwear and both of those sectors have real tariff disadvantages. **Shoe makers in Alicante pay 35% on their exports to the US.** And artichoke producers in Murcia are at a significant disadvantage relative to their competitors from Latin America. The latter get in duty free thanks to a free trade agreement with the US. Our European exporters pay 15%.

And it's not all about the highest tariffs. There's a company in my home town of Gothenburg that sells **Swedish cakes in the United States. But to do so they have to pay a 6% tariff.** TTIP will get rid of it. It might not sound like much but they tell us that if we can lift it they could offer their products at a more attractive price, and therefore sell more.

Third, TTIP will make EU and US regulation more compatible, only where this is advantageous for us and **without reducing protections for people or the planet.**

For example, there's a small pharmaceutical company called **Montavit**, from Tirol in Austria that says that the high annual fees for double inspections of its facility by EU and US authorities, for compliance with the same rules – make it too expensive for them to do business in the US.

There will be many gains like these across the board. And through these gains TTIP will contribute to the wider project of using open markets to reinvigorate the European economy for the coming decades.

\*\*\*

But the rationale for TTIP is also strategic.

TTIP will benefit Europeans by giving us a stronger voice in the world ...  
... at a time when the world is becoming more important in our lives.

The world economy is becoming more integrated, through technology and international value chains. As a result there is already more demand from governments for international rules on everything from safety requirements for products to capital requirements for banks. That demand for international cooperation is likely to increase in future.

And just as it does, the relative size of the European economy in the world is decreasing. The same goes for the United States. That means that both sides will have less influence on any international rules in the future. An alliance through TTIP would help maximise the influence we do have.

Furthermore, we both want the same thing from global rules: strong regulatory protections for the environment, consumers, health & safety and other interests. And open markets for goods, services, raw materials and energy.

TTIP puts this logic together. It strengthens our partnership, on exactly the kind of issues that we will want to influence in future. The crisis over Ukraine has reminded us of how important transatlantic cooperation is. TTIP is a way for us to act on that knowledge.

\*\*\*

Those are the economic and strategic benefits of this deal. But I also know that many of the people you represent have concerns about TTIP.

I came into this job in November last year. And I began by listening to those concerns. I am also addressing them. Let me give you some examples:

First, I have set out **limits on regulatory cooperation** in the proposals we have made to the United States, and which are available online.

The limit is this: **Nothing in this agreement will water down EU regulation in favour of people or the environment, now or in the future.**

That means I will make sure that TTIP will not change our European laws on hormone treated beef or GMOs for example.

It also means that I will make sure we in Europe continue to be free to set our rules ourselves. We do want to cooperate more with the regulatory authorities in the US. **But only when we agree with them.** So our publicly available proposals make clear where we don't agree with them, we won't be cooperating.

Second, I am proposing a deeply reformed version of the investment arbitration system known as investor-to-state dispute settlement, or ISDS.

**I want a system that promotes job-creating investment in the public interest, but one that doesn't give unfair influence to private companies.**

That means replacing the current private tribunals with **a modern, transparent bilateral investment protection system in the TTIP**, and beyond it **work on an international investment court** with a full appeals system. And it means putting the right to regulate in the public interest down in black and white.

We have already come a long way towards that goal in our free trade agreement with Canada. It includes more transparency, a code of conduct for arbitrators and a clear statement that governments have the right to regulate in the public interest.

**TTIP is the next step. It should also have an appeals mechanism; a permanent roster of arbitrators with the same qualifications as judges; and a clarification of the relationship between arbitration and domestic courts.**

These changes in the TTIP will only take us part of the way to full reform, which requires an international negotiation, but they are a vital step, with a vital partner.

Fourth, I have made absolutely clear that public services like healthcare and education are fully protected in this agreement. In March 2015, I made a joint statement with Ambassador Froman - who is responsible for these negotiations in the US government.

That statement makes very clear:

- Nothing in TTIP deal will prevent Member States like Belgium from organising public services the way they want to...
- Nothing will oblige France or Greece or any other EU Member States to privatise anything...
- And nothing will stop Latvia or Poland or any other EU Member States from taking healthcare or other public services into public ownership if that's what they want.

I hope this repeated public pledge will reassure some of people's concerns.

\*\*\*

Last, but not least, I am responding to people's concerns by having made these negotiations more transparent than any other bilateral agreement in the EU's history.

And that brings me to my final point: how parliamentarians across the EU and the Commission can work together in the future.

Because if we are to have a dialogue, then it needs to be based on a shared understanding of what this agreement is, and what it is not.

That's why I've made sure that all EU citizens, and yourself too, can follow the negotiations round after round:

All the EU's negotiating proposals are online, along with a vast amount of other information about these talks.

We have made it easier for Member States and the European Parliament to access the information they need to monitor the process.

We're meeting with anyone who has an interest in these talks to explain them - consumer groups, trade unions, environmental organisations and other interested parties to explain what we're doing in the TTIP.

And I am personally talking to as many parliaments as possible. This year I've met with parliamentarians in Austria, Belgium, France, Germany, Ireland, Luxembourg, Spain and Sweden. And I will be meeting the Czech Parliament later this week.

That's the reality of how we are negotiating this agreement. Your role is also vital.

We need you to bring citizens views to the forefront of this debate.

What are their priorities for new export opportunities? What products do they want to get more cheaply? What are their concerns about globalisation in general? How can TTIP help address them?

**But we also need you to be voices of reason in the public debate.** Too much of that conversation is focused on issues that don't really exist.

As I've said, **we have no intention of lowering regulatory protections or of giving companies a veto over our future EU or Member States' policy space and actions.** I am 100% sure that these things would not pass the European Parliament and neither would they pass in your legislatures if this turns out to be a mixed agreement.

That message needs to be heard loud and clear. And, as responsible politicians, it's our job to make it heard.

You are ideally placed to make it happen. And I am ready to work with you on this as much as I possibly can.

If we work together in that spirit, we will get a TTIP deal that boosts the European economy, creates jobs for our people, and strengthens the EU voice in the world.

**We will give our fellow Europeans the TTIP they deserve.**

Thank you very much for your attention.

I look forward to our discussion.