



## **TTIP and EU Trade: Listening, learning and changing**

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*Vienna - Austrian Chamber of Labour*

Meine sehr verehrten Damen und Herren!

Herzlichen Dank an die österreichische Arbeiterkammer für diese Veranstaltung. Wie Sie wissen, komme ich aus Schweden. Und wir Schweden, wie Österreicher, sind stolz auf das erfolgreiche Modell der Sozialpartnerschaft. Es ist ein Modell, das den sozialen Frieden in Österreich oft sichergestellt hat. Deshalb schätze ich besonders den österreichischen Ansatz. Ich weiß, dass die Arbeiterkammer einen zentralen Anteil dazu beigetragen hat.

Ich freue mich, auf die Podiumsdiskussion mit Ihnen, sowie einer Vielzahl von wichtigen Organisationen der österreichischen Gesellschaft. Vielen Dank für Ihr Kommen.

"Die Grenzen meiner Sprache bedeuten die Grenzen meiner Welt," sagte Ludwig Wittgenstein. Ich hoffe nicht, da ich befürchte ich habe die Grenzen meiner deutschen Sprachkenntnisse erreicht!

So I'll have to tackle the business of today's discussion in English.

Let me start by acknowledging one thing: the people of Austria and many of your organisations are very concerned about the European Union's trade policy and particularly, the Transatlantic Trade and Investment Partnership or TTIP. Concerns cover many issues, but at the core is the idea deals like TTIP will force Austrians to change their way of life.

I understand that people are concerned. That's why I'm here in Austria for the second time since I took this job. President Juncker also knows it. The Members of the European Parliament know that. The political leaders not just of Austria but of the other 27 Member States of the European Union know it too.

So though it may seem that "Brussels" is remote from the debate here in Austria..  
...the reality is not only that EU decision-makers are listening to your concerns..  
... we have learned from them and we have changed our approach in response.

And we will continue to listen, learn and change for as long as this negotiation is going on.  
Because an intense debate like the one you are having in Austria is not a problem. It's an opportunity to do things better.

I'd like to use my time to say a few words about that process, and also to talk a little bit about why I believe that despite the concerns trade deals like TTIP are essential for Austria's future.

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Let's look at three of the main concerns in the debate on trade in Austria.

First, the transparency of the negotiations. Many people are worried that they aren't being told the full story about the talks. That should not be the case in a democracy.

But they have a point. When the TTIP negotiations started in 2013 it was not possible for people to see the text of the European Union's proposals to the Americans. National governments and legislators could not see the text of US proposals. There was not even a dedicated website to explain things.

But we listened to the concerns of people here in Austria, we learned from them and we have changed the situation.

Today the EU's text proposals for TTIP are online. Governments and lawmakers can see American proposals in consolidated EU-US texts. We have a hugely detailed website on TTIP.

And not only is this the case for TTIP, we've made this the policy for all of our trade agreement negotiations.

Second, investment protection. Many people here in Austria and across Europe were worried that arbitration tribunals under TTIP would effectively give American investors a veto for any new regulation they didn't like.

Here again we listened - through a public consultation - we learned, and we have changed.

In November the EU made a new proposal on investment. It would replace the previous arbitration system - which is enshrined, by the way, in agreements that Austria has signed with almost 60 countries.

- In future we would have an Investment Court System, with judges free from any hint of a conflict of interest.
- There would be a possibility to appeal decisions.
- The process would be transparent.
- And the grounds for a complaint would be narrowed. It will be clear that the system can only be used in the case of a genuine serious situation where an investor has specifically been treated unfairly.

And that's something that we would like to have for Austrian companies who invest in the US or around the world.

A mid-sized Austrian company with an operation in the US is not today guaranteed fair treatment by any international treaty. The possibility is there for a judge, for example, to discriminate against them in a case in favour of a local company.

Our new approach - which will apply in all of our new negotiations - will guarantee that the Austrian firms are protected abroad. But it will also make sure that no American or other international investor can abuse the arbitration system to undermine the rules and policies that support Austria's way of life.

Finally, cooperation with the United States on regulation. This is one of the main objectives of TTIP. We often have different technical rules on, for example, how governments guarantee that products are safe or don't pollute the environment. And these can make trade more difficult even if they achieve the same level of protection.

People in this country have been worried that by cooperating more with the US on issues like these we will lead to lower standards of food safety - including by allowing products like GMOs or hormone beef.

Here to, we have listened, learned and changed.

In October the Commission made an unambiguous three-part pledge in an official communication endorsed by all 28 Commissioners:

- One: No EU trade agreement will ever lower the level of protection of consumers or food safety or of the environment. The beautiful Danube river will be as protected by

EU law today as before. Trade agreements will not change our laws on GMOs or how to produce safe beef.

- Two: Any EU trade deal that does make a change to regulation will only do so by making it stronger. We might agree with a partner that rules on the safety of medicines would be tougher than before but never weaker.
- And three: no trade deal will limit our ability to make new rules to protect our citizens or environment in the future.

That's a pledge we've made and it's reflected in the latest text on regulatory cooperation that we are sharing with the Americans in the 12<sup>th</sup> Round taking Brussels this week. That text will be made public early next week.

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So as I said we are not just listening to people's concerns, we are learning from them and we are changing.

But it is also part of the duty of any public representative to explain our thinking. So let me also take some time to do that.

Why do we need trade agreements in the first place?

Because the world is changing in two ways.

First, we're becoming more interconnected.

Today few companies make a product from start to finish themselves. They import parts and components. They combine them to make something new. And then they sell them on.

Customers might be a company in Europe but also far beyond... . That's the situation for a company like Hella Fahrzeugteile which has a manufacturing plant in this city. The lighting technology for cars that they make is sold in Germany but also in the United States.

They might also be selling finished products that go to consumers, who again could certainly be somewhere in Austria or the EU, but might also be half way round the world.

At the same time, services companies are also internationalising. The digital revolution is creating new kinds of internationally tradable services every day.

This new interconnectedness means trade is more important than ever, including with our big traditional partners. That's why we need the deals we are doing with those developed partners like the US, Japan and Canada.

The second change in the world is that new markets are rising. Even if we now see some instability in China and other emerging economies, the long term trend is clear. The period when Europe accounted for an outsized share of the world's wealth will, slowly, come to an end. 90% of the world's growth is going to happen outside our borders in the coming 20 years. We need access to that growth. That's why we have a new deal with Vietnam for example and agreements in force with Latin American countries.

And it's for both of these reasons that the EU is negotiating more than 20 agreements with more than 60 countries overall. And continuing to work for progress in the World Trade Organisation, which has 160 members.

We need a full network of agreements to find our place in the world economy of the future. And that's what's at stake when we look at any individual deal as well. TTIP is just one agreement, but it's with our largest trading partner. 5 million jobs in Europe already depend on our exports to the US. It's fundamental to the network of deals we are trying to build.

And these deals work. Our farmers, our manufacturers, our service providers, when given the chance to compete, succeed. They can do that against competition from anywhere in the world, even the United States.

We have an agreement in Korea since 2011 and our exports to that country are up by over 50% since it took effect.

So building this network of trade deals will make major contribution to Austria and Europe's future prosperity.

We will be safeguarding the jobs of today. Already almost 18% of jobs in this country depend on Europe's exports around the world.

And we will be securing the jobs of tomorrow.

If our companies can get the raw material, parts and services they need from abroad...  
... and have access to customers anywhere in the world...  
... they will be strong enough to compete over the long term.

That's what's at stake with deals like TTIP.

What's not at stake are our European and Austrian values - of transparent and accountable government or of high levels of regulation for people and the environment.

And the people are the best guardians of those values. That's why we have listened, learned and made changes already. And why we'll continue to do so in the future... starting with our discussion today.

Vielen Dank, thank you.