



TTIP: The finish line and how to get there

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Ladies and gentlemen,

I'm delighted to be here in Washington today. I am sorry that I have to head back to Brussels so soon and to miss your Fourth of July celebrations. I do like a good fireworks celebration. It's what everyone thinks trade negotiations are like, even if the reality is quite a bit duller!

National holidays like this are an important time to gather with family and friends. In my home country of Sweden we just celebrated Midsummer's day in my country – a big festivity which has pagan roots and is about honouring summer, life and fertility.

This year however, it was not as festive as we all woke up on Friday morning to the sad news of the UK referendum vote to leave the European Union. While respecting the vote, we regret it. It will have big consequences on the UK and on the EU as well. I know you all have a lot of questions on this – and I will try to answer some of them today - but we need to give it some time to fully grasp the consequences and to see how to manage all of this. Today, our Heads of State have been meeting in Brussels to discuss and analyse the referendum and the way forward. The UK must trigger article 50 before anything can happen. The formal exit negotiations - highly technical - have to be sorted out before the EU can even begin thinking about the future of the EU-UK relationship.

The UK will participate as one of the 28 Member States on who's behalf we are negotiating the TTIP negotiations, until they are no longer a member.

When it comes to TTIP I just want to say, as I said to Ambassador Froman yesterday, that the rationale of TTIP remains as strong today as it was last Thursday. I am here to prepare the next round of negotiations, with the ambition to conclude before the end of the Obama administration. That has not changed.

Back to national celebrations and holidays. They are of course also an expression of how people assert their identity.

Identity has not always been a theme of trade policy discussions.

But it's part of the paradox we are facing in trade policy discussions today.

Global trade and investment has never been more important for our economies.

But public debates on trade and investment have never been more intense. Here in the US the debate is focused on the Trans-Pacific Partnership or NAFTA. In the EU we are discussing the Transatlantic Trade and investment Partnership, or TTIP, which we are also here to discuss today.

Those debates focus on how to reconcile preserving our individuality ...
... embodied not only in traditions like Midsummer and the 4th of July
... but also in the way we choose to regulate our societies and economies ...
... when we live in a globalised world.

The EU's response to those debates is two-fold.

We need to do much more to engage with people to address their concerns. That includes by changing our approaches to trade policy issues.

And we need highly ambitious trade agreements that effectively create economic opportunity.

The TTIP negotiations offer an opportunity to do both, changing our traditional approach and highlighting the economic rationale.

We have already taken important steps to engage with the debate and modify our approach where needed.

For example, in response to public concerns:

- The EU has shown an unprecedented amount of transparency – publishing texts, proposals; background reports and detailed summaries of TTIP negotiations on line. I and my team are travelling around the EU to engage in different citizens' dialogues and events.
- Ambassador Froman and I have made clear that removing regulatory protections is not an aim of these negotiations.
- We have also made clear that we want a system to protect investments that is secure...
... but also guarantees the freedom to regulate.
- We have united behind the principle that TTIP should not change governments' ability to provide healthcare or education or water or all of the above.
- And we have agreed that TTIP must also be a way to project our values around the world - particularly when it comes to labour and the environment.

And if we want this negotiation to succeed, we will need to continue both our dialogue with stakeholders and our willingness to adapt.

But that cannot be our only response to popular concern. Because if we want people to support this deal...

... we also have to create economic opportunities.

Over the past three years we have come a long way. We can now - looking at all the different proposals and issues papers - begin see the outlines of what TTIP will actually look like.

But we also have a lot of work still to do.

And to meet our end of year target... we will have to work fast.

The European Union is ready to do exactly that. We are preparing ourselves to have texts ready across the board by the summer break. And we are prepared to make the political choices needed to close this deal by the end of the year.

But we can only do that if we get the right result. We will not conclude a TTIP light; we want an agreement that will gain approval on both sides.

What does that mean in practice?

Let's start with **market access**.

On **trade in goods** we need an ambitious outcome that removes almost all tariff protection. Here, we are relatively well positioned, with ambitious offers on the table from both sides.

On **trade in services** we have more to do, two things in particular.

First, TTIP must **address long-standing existing barriers**, particularly, from our perspective, those faced by EU service providers here in the US.

- That includes addressing restrictive approaches to issues like maritime services, aviation services, telecoms and the cross border movement of service providers.
- It also includes mutual recognition of qualifications for professionals like architects...
- ... and strengthened cooperation so we can effectively regulate the transatlantic financial services industry.

Second, TTIP must **secure existing openness to international competition**. Since much international services trade depends on investment, predictability is important.

What's clear is that the EU has the larger effort to make in terms of guaranteeing existing openness...

... while the US has the larger effort to make in terms of addressing existing trade barriers. We are working on both sides to address these issues.

We must therefore both be ready to improve our offers as we work towards a final deal.

Public procurement is the third part of the market access pillar of TTIP.

An ambitious outcome that creates new opportunities at the federal and state level is a *sine qua non*.

We are simply looking for a level playing field. When EU companies compete for contracts - with the federal government and in a critical mass of US states - they should have the same advantages as US firms have under our European system. Here we have one set of rules, full transparency and a joint data base for all levels of the European Union.

But let me be clear.

We know procurement is a sensitive issue in the US. And we are ready to explore an ambitious outcome that takes these sensitivities into account.

This is a highly prioritized agenda item for us.

But it's essential that the US fully understands that in Europe it's the current imbalance that's the highly sensitive issue. A substantial improvement is needed on market access opportunities at all levels of government.

The second pillar – **regulatory cooperation** – is vital. It must be ambitious if TTIP is to deliver jobs and growth...

... but also carefully implemented if we are to address public concerns.

We believe that means we need to do three things:

First, we must agree on **common principles for good regulatory practices** on both sides.

That means, for example, committing to high quality impact assessments and public consultations.

It also means addressing technical - but very important - issues like standards and conformity assessment.

Second, we must provide a **platform to help our regulators to cooperate** in future.

There will still be plenty of work to make transatlantic regulation more compatible after TTIP is finished. A built-in agenda for future regulatory cooperation is therefore essential. And so is an institutional framework that fully involves regulators from both sides. The US and the EU have the best regulators in the world. If they can work together to share knowledge, data and expertise to advice our lawmakers, we can jointly set very high global standards.

Of course, regulatory cooperation should always be based on mutual interest and not restrict either side's freedom to regulate in the public interest. This would be an advisory function - legislators ultimately make the decisions.

The third goal of regulatory cooperation is **specific results** that reduce unnecessary duplication of requirements.

Regulators on both sides are discussing their respective rules for nine sectors - including pharmaceuticals, medical devices, motor vehicles, engineering and textiles. Now is the time to turn these discussions into commitments. The EU has already made a proposal on medicines. More will follow in the coming weeks.

A good outcome here is essential, from an economic perspective and for the credibility of this deal.

And again, this also very possible. We are not - for obvious reasons - asking to limit the freedom of the US agencies to regulate as appropriate under their statutes. We are simply seeking technical fixes to bureaucratic hurdles and deeper cooperation in future. We have already made good progress.

The final pillar of TTIP is what we call **global rules**. This covers areas like sustainable development, small and medium sized enterprises, geographical indications and investment. Let's look at each of these in turn:

First, sustainable development.

The EU is aiming for provisions that protect labour rights and the environment in both our jurisdictions...

... and that strengthen our cooperation on these issues around the world.

In fact we want TTIP to have the most ambitious provisions ever on labour rights and the environment in a trade agreement. Our proposal is available online. We also want to work globally to eradicate child labour, protect endangered species and promote Corporate Social Responsibility.

Second, rules to ensure **small and medium sized firms**, or SMEs, can benefit from this deal. SMEs should be the biggest beneficiaries of TTIP. Because they don't have the resources to dedicate a team of lawyers or a department when they need to figure out what the rules are. Trade barriers are relatively more significant for them than for large firms, with armies of lawyers and compliance experts.

But one thing they really need is easy access to information on the rules they have to follow. That's why we want TTIP to include a commitment by both sides to an online one-stop-shop for all relevant information on accessing each other's markets.

Third, **geographical indications**. Finding a meaningful solution here is essential for the EU.

Geographical indications - which operate in many countries around the world, not just the EU - are like all other forms of intellectual property:

They reassure consumers and compensate to producer for their quality and know-how... And they are difficult to enforce when products are exported around the world.

That's why - like patents, copyright or trademarks - geographical indications need protecting in trade agreements.

This is also absolutely feasible. In recent years we have included strong provisions on geographical indications in our agreements with Canada and Singapore for example. Both are countries without a history of this kind protection.

The US is different of course. And we have had long and intense conversations about this issue in the past. That is why we need a reasonable approach.

In TTIP that means:

- The vast majority of the indications we want to see protected do not conflict with existing US trademarks.
- For the small number that does, we are seeking pragmatic results.
- And we are willing to work within the US legal system.

This is difficult, but it is very important for the EU.

But this is an important issue for important constituencies at home. We will need a high-quality result.

The final rules issue I want to highlight is **investment protection**.

This is one of the most sensitive issues in this negotiation. It's particularly sensitive in EU Member States but this is really a global debate.

The EU believes that investment protection is vital to promote growth and jobs by supporting the deepening of global value chains. Foreign investment is always more vulnerable than domestic investment.

However, we also know we must address people's legitimate concerns. No other acronym is as contested in the EU as ISDS.

The EU has put forward a reform of the system in order to increase transparency and safeguard the right to regulate, by creating a court system.

There must be no doubt that procedures are fair and transparent. And none about our right to make democratic choices in the public interest.

We believe the EU's new investment court system fulfils of all of these objectives. It sets out clearly the right to regulate, it strengthens transparency, and it creates a pool of judges and an appeal system.

And that it is a step towards the global reform we need, ultimately leading to a global court. Others, Vietnam and Canada, have come on board. We believe that TTIP would be the logical next step.

Ladies and gentlemen,

Getting a deal like this by the end of the year will not be easy.

It will require both sides to do more than they have done in traditional trade agreements, where we are both often the much larger partner. We will need to adapt.

But I believe that it's possible. For two reasons:

First, we can make these adaptations because the political support is there for this agreement.

In the EU, for all our debates - and they are tough - we have a unanimous mandate from Member States. And that commitment remains solid.

In the US, as well as from the Administration, we hear strong support for TTIP from Members of Congress on both sides of the aisle.

Even in these trying times for trade in this country, it's plain to see that the focus of debate is the TPP, not TTIP. People understand that TTIP and TPP are very different agreements:

They have different ambition in terms of the strength of the disciplines we're looking at.

And they are with a very different partner.

Not only is the EU a highly developed economy, with the world's largest market...
... it also has some of the world's highest regulatory standards.

To take one example, competition due to lower labour standards is just not an issue with the EU.

To take another, we also have strong protection for all types of intellectual property - including biologics!

When people come to look at TTIP in more detail, I'm confident the support will be there for the concessions needed.

The second reason I believe it's possible to get to an agreement is that both sides understand each other's politics. We both know the constituencies that need to be on board with the outcome - whether that's farmers, key business sectors, trade unions or consumers.

That's why we know our own requests must be reasonable...
... and we must do all we can to respond to the other side's reasonable requests.

As I've tried to show, what the EU is looking for - on procurement, services, regulatory cooperation, geographical indications and investment - is doable, as long as the political will is there.

And as I said at the outset, we are willing to make the political choices needed on our side too. Like the US, we have our red lines. But we also fully understand the objectives that Congress has set for the Administration through the trade promotion authority process.

But again, we cannot do this alone. We will need to work closely and in parallel with the US Administration. I look forward to seeing that happen.

Because if TTIP is an unprecedented effort, it's also worth the effort.

It's a positive response to the concerns on globalisation that are shaking political systems on both sides of the Atlantic. It is a way to strengthen our friendship, our alliance and partnership. We share so many values and history and in a difficult world friends must stick together.

And our people need the opportunities it can provide.

Thank you.