



TTIP and Global Trade: What's in it for Sweden, Europe and the World

15 March 2016

Cecilia Malmström, *Commissioner for Trade*

Gothenburg University Conference

Ladies and gentlemen,

I'm delighted as always to be back here in my alma mater, my academic home and my family home of Gothenburg.

But I'm also delighted to be here in my capacity as EU Trade Commissioner.

Because this city is an entirely appropriate place to talk about the subject I'm now responsible for:

- Gothenburg is at the heart of Sweden's trade with the world today, with our port serving routes to over 130 places around the world.
- It was founded with the explicit purpose of linking Sweden with the world.
- It was built with the advice and support of Dutch merchants and Scottish settlers.
- And it's also a symbol of the determination of Sweden to connect with the world. At the time of this city's founding in 1621 we had to fight the with our Danish neighbours for access to the sea.

Today, thankfully, we cooperate with them to negotiate trade agreements with countries around the world.

But Sweden's long policy of engaging with the world through trade has never been more important.

It's important for economic reasons and it's important because trade policy is also a way to project European values onto the world stage.

I'd like to speak about both of these reasons to you today.

Let's start with the economics. International trade and investment is at the core today's global economy, as well as the European Union's and Sweden's itself.

At the global level, trade flows of goods and services are now equivalent to roughly 50% of the world's GDP. That's up from 40% just a decade ago.

In Europe, over 30 million people have jobs thanks to our exports around the world. That's one in every seven jobs.

And in Sweden that figure is roughly 900,000 jobs, meaning one in every five jobs in Sweden is an export job!

It's not just about exports though. While imports do represent competition, they also offer opportunity.

Over 70% of the goods Sweden imports from outside the EU are used by companies to make their own products and services.

And 30% of what Sweden exports incorporates imported foreign content, whether goods or services.

All of these imports connect this economy to global value chains, keeping firms here competitive globally.

And the importance of trade is likely to increase in the future.

90% of the world's economic growth is expected to take place outside the EU's borders in the coming decades, as emerging economies continue to catch up. And the digital revolution means new ways of trading across borders are emerging all the time.

In this context, our economic future is bound up with our ability to keep trade flowing with partners all around the world.

That's what EU trade policy aims to do.

We are here to talk about the Transatlantic Trade and Investment Partnership, or TTIP. But I want to be very clear that TTIP is just one negotiation among many.

We are in fact working on over 20 agreements with over 60 countries, including recent ground-breaking agreements with Canada and Vietnam.

Today roughly 30% of the EU's imports and exports are covered by bilateral or regional trade deals.

And we plan to bring that up to 75% of our exports and 60% of our imports in the coming years.

These agreements are very effective. One of our most recent examples is the free trade agreement with South Korea. Our exports are up 50% to that dynamic economy since the deal went into force in 2011.

And it's not all about bilateral deals. We are also continuing to push for progress at the World Trade Organisation. Recent successes include a Trade Facilitation Agreement aimed at streamlining customs borders, the opening up of trade in information technology equipment, and a deal on government support to agricultural exports. We are now working on new dynamic agenda for the WTO.

I say all of this because the TTIP negotiations only make sense in this broader context. The aim is an EU economy that is open for business with the world, not just with the US.

But TTIP does have a special economic importance.

That's because of the scale of the transatlantic economic relationship.

5 million of those 30 million export jobs across the European Union are backed by sales in the US.

And an ambitious TTIP can spur more trade, supporting many more jobs.

What does that mean?

Well, traditional trade barriers like tariffs are important.

For example, there's a company called Woolpower based up north in Östersund. They make socks and underwear.

And they face an 18% tariff at the US border. That makes it difficult to compete, to say the least.

TTIP would get rid of that charge and the vast majority of other US tariffs, whether they are high like this one or more of a nuisance. Because in many businesses, even a five percent tariff can be significant, especially when volumes of trade are high.

But almost as important for Woolpower are differences between EU and US safety rules that don't actually offer any more safety for consumers. An ambitious TTIP needs to tackle these as well.

Let me give you an example: Naturally the rules on both sides require them to test their products for resistance to fire. But because those tests are different on both sides, they have to be tested twice. And that means setting fire to their products twice! The EU wants to use TTIP to clarify these rules, which could save Woolpower time and money.

For other companies regulation is also important. Take Gynius, a medical device company based in Stockholm. They make gynaecological equipment that screens women for early signs of cervical cancer. It's a life-saving product if ever there was one.

It took them a great deal of effort to get their product approved in the US, however. TTIP could have made that easier. That's because we want to make the data that companies have to submit for product approvals more compatible.

My final example is a company in Torslanda less than 15 kilometres from here. Almondy has about 100 employees and makes frozen cakes which they sell in 50 countries. Again, both the EU and the US have robust systems to make sure that the eggs and milk in those cakes are free from foot and mouth disease. But the US does not recognise the certifications of the safety of the farms carried out by Swedish veterinary authorities. In TTIP we want to make sure that the safety goals are fully protected but we also want to simplify these kinds of certification requirements as much as possible.

And it's because of TTIP's high ambition in areas like this, along with services, public procurement and many others that it will help boost transatlantic trade and investment. But again we must remember that the real goal is more open trade with the world in general and TTIP is just one part of it.

But I said at the outset that the reason for engaging with the world through trade goes beyond economics. And it does.

Because no economic transaction happens in a vacuum. Our principles and values are always at play.

It's not a simple economic decision to buy a product you know has been made in unsafe circumstances.

And it's not an economic decision to tackle a trade barrier, if in fact that barrier is a vital regulation to protect people's health and safety or the environment.

That means two things.

First, in trade policy we have to have the values of the people we represent at the heart of how we work. We have to ensure that we protect those values when we make trade policy.

And second, trade policy can help us project those values around the world. Because consumers today want trade to be responsible. They want to know how by whom and under what condition a product is made.

Here again, we need to take these lessons into account in all our negotiations but TTIP is particularly important. First, because of the depth and intensity of the public debate around this negotiation. And second because, if the EU and US work together we can have a great deal of influence around the world.

When it comes to values we have to start by doing no harm.

That includes the way we make trade policy itself. Here we need to gain the trust of the citizens. Transparency is a core European value. It must be a core value for trade policy too.

That's why I have made it a priority since my arrival as Trade Commissioner in 2014.

We started on this front with TTIP. And we have made major changes to make it the most open free trade agreement negotiation in the world.

We increased the number of meetings with civil society, including during negotiation round.

And more importantly, we have also posted online the full text of the EU's proposals and hundreds of explanatory documents. We have detailed summaries of each TTIP negotiation round. And we have reading rooms in the European Parliament and in the capitals for national parliamentarians.

These best practices policies were started with TTIP but they are also now the rule for all our negotiations.

A second area where we must do no harm is regulatory cooperation.

This is at the heart of the public debate on the trade negotiations.

And it's an area where the European Commission has made changes to ensure our values are not undermined.

That is why we have made the following commitments in the new trade strategy we released last year, entitled Trade for All:

- No trade agreement will ever put into question our standards of consumer or environmental protection, or our social standards.
- Nothing in trade agreements will limit the right of the EU to make new policies in the public interest.
- And if a trade agreement does involve a change in levels of protection of EU citizens, that change can only upwards towards stronger protection.

We must also do no harm when it comes to investment protection.

This is clearly the most sensitive issue in the debate. And I know you have been examining the question yourselves over the course of this conference.

The EU has understood people's concerns...

...and we have proposed - with the support of national governments and the European Parliament - a completely new approach.

And again TTIP led the way, but we are also proposing the new path in all our negotiation. Because we need a global effort to reform and modernize the entire current system, which consists of no less than 3000 existing agreements.

And I am pleased to say that we have been able to include this new approach in our recent agreements with Canada and Vietnam.

What is the new system?

The idea is to replace the current form of dispute resolution with a new approach that gives all the guarantees of court:

That means clear and precise rules ...

Qualified judges ...

Transparent procedures ...

And a clear right to appeal.

And we make clear in the legal text that governments have the right to regulate to protect their citizens.

All in all it's a clear break with the current system which has caused so much concern. But it will still help promote the job-creating investment we so need.

That's about doing no harm. But we can also use trade policy to project our values.

The Trade for All Strategy is very clear that this is now a core objective of EU trade policy.

We are using trade as a lever to increase respect for human rights, labour law and environmental protection worldwide.

We already have schemes that incentivise countries to ratify and implement international conventions on issues like the right to collective bargaining and protecting endangered species.

The new strategy defines several new tools:

- We will work to support fair trade schemes and fair trade practices.
- We will include new provisions against corruption in our trade agreements.
- And we will use the TTIP negotiations to deepen our cooperation with the US on strengthening labour rights and environmental protection worldwide.

So here again TTIP is part of the solution but it's also part of the wider picture too.

Ladies and gentlemen,

The objectives of the EU's trade policy are clear - create economic opportunity and protect and project our values.

The agenda I have outlined is designed to achieve those objectives.

And the EU has shown it can negotiate high quality agreements that will, in turn, help fulfil that agenda.

The recent deals with Canada and Vietnam are good examples of this. I want TTIP to be another.

But these agreements can and will only take effect if they have the support of the people.

That's why the Commission is engaging so closely with the public debate - to ensure that genuine concerns can be addressed.

And, in doing so, to build the coalitions we need to deliver results.

But we can't do that alone. Other actors, national governments, civil society organisations and business all have vital roles to play too.

And so do the academics and thinkers represented in this room.

It is essential that the public debate is of the highest quality. People need high quality accurate information when they are making important decisions.

And so I would encourage you to stay engaged with trade...
... and to share your views widely.

I hope we can count on your support.