

EUROPEAN COMMISSION

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The real TTIP is a prize worth having

De politieke vooruitzichten voor de TTIP

Rotterdam, 7 October 2014

Ladies and gentlemen,

I don't think I can think of anywhere in Europe, and perhaps even in the world, that would be a better place to talk about trade than Rotterdam.

Well... maybe if we were in the Port of Antwerp... but there I'm showing my Belgian colours!

These cities live and breathe trade. They also have a special role among statisticians. When experts look at Trade statistics, they need to keep in mind that some trade is transiting. For trading hubs, today's exports may be yesterday's imports. Among experts this phenomenon has a name: it is called the Rotterdam/Antwerp effect.

And given that one of history's great Dutch achievements is the founding of the great city of New Amsterdam – even if it now goes by another name – this country is also a great place to talk about the Transatlantic Trade and Investment Partnership in particular.

So I am very thankful that Andy Klom and his team, along with the Clingendael institute, have worked so hard to put this event together today. And I'm very thankful to the distinguished panel – and the no less distinguished audience – for coming to join us this afternoon.

The benefits for the Netherlands of an ambitious and effective TTIP – as we call it for short – are, for me, very clear.

For one thing this port city will do extremely well if there is an overall expansion of transatlantic trade. Our economic analysis suggests that a very good TTIP result would lead trade between the EU and the US – which is already our largest partner – to increase by around **one third** in value terms.

And the areas where trade would increase the most would be in products like cars, metals, machinery, processed food and other manufactured goods – that is to say bulk items that are shipped by sea.

So a good TTIP is good for the ports of Rotterdam and Amsterdam – and more importantly for all the people who work for them and supply them in the surrounding economy.

Now, the success of both of these ports, owes a lot to their function as the gateway to the European Single Market.

But it also owes a great deal to the fact that the wider Dutch economy is based heavily on being connected to international value chains.

There is one statistic here that is particularly remarkable.



More than one third of the value of all Dutch exports is based on imported content. The Dutch economy – and the Belgian economy by the way – lives off two-way trade. Companies buy parts of a machine or they buy IT services or any other intermediate input and they put them together in a final product which is then shipped somewhere else.

The transatlantic dimension is particularly important for that kind of commercial relationship because so many companies have operations on both sides of Atlantic. About 60% of EU-US trade is of intermediate goods within firms. So strengthening ties with the US in particular will benefit value chain specialists like the Netherlands.

Dutch people who work in straightforward export companies will of course also benefit. 120,000 people work in the food processing industry in this country. 50,000 in the chemicals sector 20,000 in the car industry. And 16,000 making pharmaceuticals. All these sectors are likely to grow as a result of the new opportunities this agreement would present. And that means new employment and better pay.

The final economic benefit I want to point to is often forgotten – and that is the benefits for consumers. If we reach a high quality deal, consumers on both sides of the Atlantic should see lower prices for a whole range of products we import from each other.

Some of those products are consumer goods, like clothes, cosmetics or food. Other imports are parts and components that are used to make the products eventually bought by consumers.

One reason that prices should come down is because today imports from the United States are taxed when they reach the European border – and vice versa.

Often these customs duties are only a couple of percent – like for contact lenses for example – but on clothes they go as high as 12%, and on food products they can be significantly higher. An agreement would eliminate the vast majority of these tariffs and reduce significantly any that remain.

Consumers would also benefit from greater choice by bringing more products onto the market. Look at the car market for example.

If any of you have driven a car in the United States you would agree with me that the cars they produce there – whatever their size – are just as safe as the cars here. Most experts would agree.

However, American and European cars have different safety standards for nearly every part of a car – seats, doors seatbelts... You name it. That means that to import a car from the US you have to go through a long special approval process.

If we achieve our goals, then this agreement would allow more American cars to be recognised as safe for driving Europe... and more European cars to be recognised as safe for driving in America. That would increase the range of choice across the continent.

These are the kinds of benefits that we can expect to gain from a successful agreement. But as you well know, in many countries there is a very active debate about whether this negotiation is actually the right move for Europe. And the Netherlands is no exception.

I believe the concerns that have been raised are reasonable. And I do not believe that they are motivated by traditional protectionism. Otherwise we would not be having a discussion about them in this bastion of free trade.

Instead I understand that they stem from the reach of a trade agreement like TTIP, which goes behind the border...

... and into many areas that people do not think of as being directly related to trade.

But I also believe that once people get to understand the reality of TTIP, they will be reassured. There are many strands to these discussions, but let me focus on three.

First, regulation: Some people are afraid that we will allow companies to sell unsafe food or environmentally damaging products or that we will relax rules on banks.

If that were true it would certainly be unacceptable. But it is not true.

What is true is that we are trying to find ways to make trade easier by making our different regulatory systems work better together.

But that does not mean lowering standards. The kind of regulatory work being done in TTIP is focused on areas where the EU and the US have very similar standards. I already mentioned the car safety standards as an example of how this is possible.

Medicines is another case. The interesting thing here is how much transatlantic regulatory cooperation there already is. By working together, regulators have increased safety and reduced costs dramatically over the last 20 years.

But some things are still separate. The good manufacturing practices that pharmaceutical companies have to follow are exactly the same on both sides. We harmonised them years ago – and at a very high level by the way. However, if a factory wants to make products for the American and European markets it has to be inspected twice, by authorities from both sides.

If we were able to recognise each other's inspections we would make things easier for the companies – and save the authorities some time and energy they could put to better use.

This is the type of issue we are dealing with in TTIP.

And where this kind of solution is not possible, where there are good reasons for different EU and US approaches, we will not make changes.

That means

- We will not be changing our legislation on genetically modified food...
- or on beef treated with hormones.

And that is the reality.

Second, investment protection.

Clearly this is one of the most sensitive issues in this negotiation. Many people have concerns. And the negotiations remain frozen pending the outcome of our public consultation.

But I would like to say again what I believe. A high quality, balanced agreement on investment in TTIP will improve on the current system of 1400 EU Member State agreements. We will be more protected from abusive investment cases, through a more transparent system, and one in which arbitrators have to follow a code of conduct. And at the same time we will be able to send a signal that the EU and US are highly open and stable markets for investment – encouraging other countries around the world to do the same.

As to next steps, we will see over the coming weeks and months the outcome of the consultation. And then it will be President-elect Juncker's Commission to decide what to do next.

Third – getting people involved in TTIP.

The consultation on investment is just one example of the ways we try to keep the public informed and get their input. We need that input: trade deals are complicated and technical. We certainly don't have all the answers in Brussels.

The most important way we get those answers is through the people's European representatives. Members of the European Parliament, and Minister Ploumen and her counterparts in the Council, guide the Commission on how the negotiations will affect the people they represent. They also have the final decision on whether to approve any trade agreement.

But we also consult the public directly. Before we started negotiating, we held three general public consultations on what the agreement should contain.

We have an open door policy to anyone who is interested in the negotiations – whether from business, NGOs trade unions or consumer organisations.

We also have structured dialogues with these different groups. We have held four formal dialogues with EU civil society organisation. And we have organised, jointly with the US, dedicated, day-long stakeholder consultation sessions during each negotiating round. These events allow stakeholders to raise their priority issues directly with negotiators.

And we have also convened a standing advisory group of experts, carefully balanced to represent a broad range of interests including labour rights, the environment, health, consumer rights and business. These experts are given access to EU negotiating texts.

We have also publicly released information about our positions, so that everybody can understand what we are trying to achieve. We have published 11 formal position papers and a range of guides to the talks since we began.

Finally, transparency is a process. Commissioner-Designate Malmström announced at her hearing last week that she will take further steps to open up the process. I fully commend her intention.

Ladies and gentlemen,

I believe the economic case for this agreement is clear. And I believe that the concerns that have been raised, while reasonable, do not reflect the reality of these talks.

But if you are not convinced, let me finish by pointing out the broader context for this agreement, and why it is therefore particularly important.

The objectives for TTIP go beyond the economic: TTIP is also about projecting shared values in the 21st century.

There are definitely such things as shared transatlantic values. They include open markets, democracy, the rule of law and the respect for the individual.

That these values are shared is shown in the fact that the EU and the US both have some of the highest levels of regulatory protections in the world. In some cases, the US even has tougher protections than we do.

Strengthening, not weakening, those shared values is what this agreement is all about.

Because though we are the two largest economies in the world today, the world is constantly changing.

One of the most important economic facts of our time is that new economic powers are emerging – China, India, Brazil and so many others.

Let me be clear: Those new powers are very welcome. Just as the West's prosperity, through globalisation, has fuelled their rise, their prosperity is creating opportunities for us.

But the best way to make sure this mutually reinforcing process continues is by making sure that we have an international system – political and economic – that remains committed to open markets, democracy and respect for the individual.

Europe and America's capacity to do that is gradually falling – along with our share of the world economy.

So we need to maximise our influence by sticking together, and leading by example.

TTIP can help us do that.

In short, it can help us build a new transatlantic partnership for the new changed century.

And that, I believe, is a prize worth having.

Thank you very much for your attention.

I look forward to our discussion.