



## TTIP: Subsidiarity and other shared transatlantic principles

12 February 2015

**Cecilia Malmström**, Commissioner for Trade

*Brussels - Plenary Session of the Committee of the Regions*

Honourable Members of the Committee of the Regions,

Ladies and gentlemen,

I am honoured to join you for the first session of your new term.

And I'm pleased you have put the Transatlantic Trade Investment Partnership, or TTIP, at the top of your agenda. Almost literally at the top of your agenda in fact!

I am pleased because talking about TTIP in the Committee of the Regions brings up two ideas that are essential to understanding this negotiation.

The first is the concept of subsidiarity. Yours is the European body that most embodies this vital principle...

... the idea that people should problems locally if they can...

... and that new levels of government are only needed if that isn't possible.

A great political leader once said, "The legitimate object of government is to do for a community of people whatever they need to have done, but cannot do at all, or cannot so well do, for themselves."

The European Union must apply that test rigorously as we face all of our problems today.

**TTIP is no exception. We need this negotiation to do what is useful. No more, no less.**

The second idea is about values. The draft opinion before you this afternoon points out that the European Union is more than just an economic community. It's a community of values.

Those values must be at the heart of TTIP. And they will. Not only because of our European convictions. But because we share those values with the United States.

The great political leader I quoted a few moments ago was not Jean Monnet, Konrad Adenauer, or Altiero Spinelli.

It was Abraham Lincoln.

Lincoln was born in a log cabin almost 7000 miles away from here, exactly 116 years ago today.

It may seem strange that such a man could tell us something about a concept as intrinsic to the European Union as subsidiarity.

But it is not really strange at all.

Because the nucleus of the concept is the idea of governing only where and when it is needed. **And that is just one of many ideas, values and principles that we have long shared with our partners in the United States...**

Others are open markets, the rule of law, and the respect for individuals and their human rights on which our whole system of regulation in the public interest is based.

These two ideas – subsidiarity and shared values – can help us understand the three goals of this deal:

- Creating economic opportunity;
- Making our different levels of government more effective, not less so;
- And strengthening our ability to deal with the global challenges.

Let me take them in order.

\*\*\*

Creating jobs and growth in Europe is a classic case of a problem that needs action from all levels of government.

Regions, towns and cities...

...the national governments of Member States...

... and all the programmes and policies of the European Union are working together to make our economy more innovative, dynamic and inclusive.

International trade agreements like TTIP also have a role to play.

TTIP's contribution is based on the shared transatlantic idea that open markets create economic opportunity.

10% of all the people at work across the regions of Europe owe their jobs to exports. By opening the up the US market, TTIP will mean more export jobs like these.

Let me give you three examples:

The region of North-Rhine Westphalia, is represented here today by Herr Markus Töns, this Committee's rapporteur on TTIP.

Herr Töns, you may already be aware that a company called Alfred Schütte currently employs 600 people. But maybe you didn't know that it faces problems in the US market because of different EU and US standards on things like the colour of wiring and different types of plugs and sockets. Those differences mean it costs **10 to 15% more** to produce a machine for the US. **The EU wants to use TTIP to help reduce these costs.**

Councillor Kevin Peel is representing Manchester here today, I understand.

Councillor, there's a medium-sized e-commerce company in your historic trading city called **Duo UK**. They sell packaging to many clients around the world, including the United States. But getting their products through US customs is a constant challenge for their business,

especially because customers' orders are time-sensitive. TTIP can help streamline that process.

My third example is from a company in Languedoc Roussillon, represented here today by Conseiller Regional Stéphane Rossignol.

Monsieur le Conseiller, a **company called Medithau** is based in the Etang de Thau. They produce oysters and they are very interested in the US market, particularly since they lost access to its customers in Russia. But under the current rules that's impossible.

This is something we are talking about with the Americans in TTIP. Both sides – I'm relieved to report – do a whole range of exhaustive tests on oysters before they are sold to customers and restaurants. But while we in Europe test the flesh of the oyster, the US tests the water around it. **If experts believe the two tests are equivalent, we want to recognise that in the agreement.**

I could give you many more examples if we had time. And there a great many more that I haven't even heard about yet.

Because TTIP will give companies all across Europe a chance to take advantage of a vast and growing market... and bring that advantage – more growth and jobs – home to your communities.

\*\*\*

The second goal of this agreement is to make different levels of government more effective – and certainly no less effective.

The ideas of subsidiarity can help us understand how to work here too.

Should an international trade agreement stop us from regulating in the public interest within Europe?

**No. Regulation in Europe is decided by the European Union, national governments or local authorities. TTIP cannot and will not change that.**

Should an international trade agreement lower existing standards of regulatory protection?

**No. Our levels of regulatory protection are decided democratically within the EU. We have set our laws on genetically modified food and hormone treated beef. And TTIP won't change them.**

Should any agreement set up an investment protection system that allows investors to strike down regulatory protections?

**No. Again regulation is made by sovereign European decisions. And nothing we will propose on investor-state dispute settlement will change that.**

And should an international agreement limit national, local and municipal choices about how to deliver public services like health, education, water or recycling?

Again: **No! Those decisions are national, regional or local in our system. They will stay that way!** The EU knows how to guarantee this in trade agreements. Our traditional approach – which we will follow in TTIP – makes clear:

- That national, regional and local governments don't have to open public services to competition from private providers if they don't want to;
- That they don't have to outsource services to private providers if they don't want to;
- That they can maintain monopolies in public services and utilities if they choose;
- And that they can change their policies, and bring outsourced services back into the public sector whenever they want, as long as they respect property rights.

**So you can rest assured that TTIP will not limit our ability to regulate or provide public services the way we want.**

But it can also help make government more effective. And that's because of shared transatlantic principle of the importance of human rights.

That principle is why we both have rules to protect our people and their environment. We both believe that people have a right to safe products, to clean air and water to a fair deal as consumers.

And because of those shared beliefs we can work together to deliver better government through TTIP.

Take the idea of regulators cooperating across the Atlantic when they develop new rules.

When they design new regulation, regulators have to deal with uncertainty. How will a new technology affect our environment or our society? How significant is a new scientific study about the safety of a chemical? How effective is a new medicine?

By definition, they don't have all the answers. So doesn't it make sense that they talk to other people who are trying solve the same problem? To share perspectives and expertise? TTIP would help that happen.

Or take the idea of getting rid of double EU and US inspections of pharmaceutical factories. Doing this will certainly reduce costs for business, helping to create jobs.

But it will save European inspectors from flying to the US to inspect factories already inspected by the excellent US Food and Drug Administration – and vice versa. That means time and money that can be used to check other factories more frequently or travel to higher risk places.

So while you may have heard many things about this negotiation, the reality is this: **TTIP won't undermine our ability to help and protect the people we represent, it will strengthen it.**

\*\*\*

The final goal of this negotiation is to strengthen our voice in the world.

**Even in international affairs there is a place for subsidiarity.**

Today, every region in Europe is connected to the rest of the world in one way or another – whether through decisions to buy fair trade products or the fact that jobs in your area depend on economic ties with a city, town or region halfway round the world.

So regions have a role on the international stage. But if we want to project European values on a global scale, we also need unity. Because on these issues, size does matter.

And increasingly so.

In 1990 three of the world's top five economies were EU Member States. In 2010 there were only two. And in 2030 economists predict there won't be any at all.

Take the European Union as one, however, and we stay not only in the top five but in the top two, right out to 2050.

And who else is there with us at the international top table of the future, along with China, Russia, and India?

Who, like us, firmly believes that globalisation needs to be framed by a clear set of rules on everything from product safety to human rights?

Which of those other top five world economies will share our high standards of regulation, democracy, and the rule of law?

### **The United States.**

And that's why we need the Transatlantic Trade and Investment Partnership. To strengthen our transatlantic partnership for long term!

The clue is in the name.

\*\*\*

Honourable Members, Ladies and Gentlemen,

There's a final reason that I am happy to be here today: Your connection to your constituents.

What you say here in Brussels is based on a deep understanding of people in your region.

And when you speak about European policy at home you can connect our work to their lives like no other part of the EU system.

That's why your role in the public discussion about this negotiation is so important.

TTIP is not yet written. The talks are moving forward. But we have a lot more work to do.

But when we do strike a deal, Europe will have a choice to make:

Do we give create new economic opportunities or do we close off options for European people?

Do we cooperate for more effective government or work in not-so-splendid isolation?

Do we work together for stronger rules in a globalized world or do we wait for others to impose rules upon us?

The European people will have to take answer those questions before Europe can take a decision.

And that's why as public representatives we all have a responsibility to ensure they understand what is at stake.

I started by quoting an American. Let me finish by quoting a European.

Speaking about the need for more of a cohesive European voice in the world, Jacques Delors said in 1989 that history was knocking on our door. He asked, "Allons-nous faire comme si nous étions sourds?"

I believe that for the benefit of Europe we must choose to throw open the door to greater prosperity and strength.

I hope that when the time comes you will agree. And that you will step up and make the case.

And I thank you very much for your attention.