



TTIP and Consumers: The Good (without the Bad or the Ugly)

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European Parliament, Conference *"TTIP and Consumers: The Good, the Bad, and the Ugly"*

Ladies and gentlemen,

I like the title of this event.

I like it because Sergio Leone's film was made with style, technique and – above all – exceptional transatlantic cooperation.

- Set in the Old American West, it was filmed in the Andalusian countryside.
- Following a European script, it was produced by a Hollywood studio.
- Driven by the vision of an Italian director, it was brought to life by an American star.

I understand Clint Eastwood even took part of his payment in the form of a Ferrari:

A transatlantic trade success story if ever there was one.

If we can cooperate like that on the Transatlantic Trade and Investment Partnership, we can't fail to get a good result, a result that is good for people on both sides of the Atlantic: workers, entrepreneurs and, of course, consumers – who we are focusing on today.

Now, I also know that this title can be interpreted differently, to mean that the consequences of this negotiation for consumers will be far less positive.

I do not agree.

This is one of my first chances to speak in public since I became Trade Commissioner just over two weeks ago. As I said to some of you at my hearing, I want to spend the start of my term examining these negotiations. And I will only make a political assessment of where we stand and what we need to reach our goals after that is done.

For now, listening is my top priority.

But two core principles are already clear to me.

First, we can and we must negotiate an agreement that responds to European consumers' needs and concerns. It cannot be bad or ugly.

And second, we can only do that if we work cooperatively with all the different political forces and civil society organisations across our continent, and with our partners on the other side of the Atlantic.

Let me start at the beginning. What do consumers need?

First, they need things from the economy:

- Like value for money, meaning high quality goods and services at fair prices,
- and a job with a decent income, so they can afford to buy what they need.

Second, they need things from government:

- They need peace of mind, meaning strong regulation on safety, consumer rights, the environment and finance.
- And they need easy access to the kind of high quality public services that markets do not provide.

The Transatlantic Trade and Investment Partnership must respond to both of these kinds of needs. Why? Because the only valid measure of the success of this negotiation will be whether it improves people's lives. So it doesn't make sense to give to consumers with one hand and take away with the

other. TTIP of course cannot provide all the answers. It is just one part of what we have to do to put Europe on track. But it must contribute across the board.

How can we do that in practice?

In two ways:

- To help consumers get what they need from **the economy** we must design this partnership with **ambition**.
- To help consumers get what they need from **government** we must combine that ambition with **caution**.

Let's start with **the economy**.

Trade agreements can lower prices, widen choice and create high quality jobs. TTIP must do exactly that.

When we lower the cost of trade, companies who are already trading across borders pass many of their savings on to consumers – if not all of them.

We have seen this happen before. When the World Trade Organisation opened up the global textiles and clothing market, prices in Europe fell by more than 15%. And price cuts like that benefit the poorest in our society the most.

Making trade easier also allows new companies onto the market who couldn't afford that access before. That makes us more competitive, more resilient, and more able to take on global rivals.

It also puts more pressure on the bigger companies to pass on any cost savings to consumers.

We also know this works. After the Single Market was created, the extra profits that companies made from consumers, over and above the cost of making their products, fell by around a third.

Some people seem to believe that this is a short term gain for a long term loss – cheaper goods from abroad today, in exchange for lost jobs at home tomorrow.

Well that's just plain wrong. More trade does not only lead to consumer savings it also leads to longer term competitiveness and high quality jobs.

Exports provide jobs for about 10% of people working in Europe today. Those jobs tend to be higher-skilled and therefore higher paying.

When trade negotiations lead to more export opportunities, they create more of these kinds of jobs: The kind of jobs Europe needs for our future.

All this has only one implication for the Transatlantic Trade and Investment Partnership. It has to be ambitious.

If we want to provide these kinds of benefits then we must significantly reduce the cost of trading across the Atlantic.

That means getting significant results on all parts of this negotiation:

- On market access for goods, services, investment and public procurement.
- On rules about energy, geographical indications or competition.
- And, most importantly, on regulatory cooperation.

That brings us to the second set of consumer needs that this agreement must support: what they need from **government**.

Here we must combine ambition and caution... because consumers must have trust in the products on sale.

Caution means this agreement must not undermine governments' ability to protect people from safety, environmental or financial risks or to provide high quality public services like education or health.

As regards public services, caution means following the EU's standard approach to public services in trade agreements.

Because no EU trade agreement that follows that approach has ever stopped a Member State from organising its health or education system in the way it chooses.

As regards regulation, caution means we have to focus our work on those areas where EU and US regulations follow similar standards. That goes for car safety, factory inspections for pharmaceuticals and traceability of medical devices. In areas like these, cooperation can reduce trade costs at no cost to safety.

Caution also means that we must not change our laws in areas where our they are just too different – like genetically modified food or hormone beef.

And that we must not restrict our ability to regulate on future issues when we need to.

Caution also applies to investor-to-state dispute settlement.

I do not have an announcement to make on that today. The Commission is still processing the answers from the public consultation.

But President Juncker and I have both been very clear on what we will and will not do.

Caution alone, however, will miss other opportunities to help consumers get what they need from government. We need ambition here too.

Ambition means using regulatory cooperation to boost sharing of knowledge and best practices between our highly talented regulators. That will lead to better results for citizens.

Ambition also means using cooperation to make regulation more effective and efficient. Pharmaceutical inspections are one example of where this is possible. It's absurd that factories have to be inspected twice – by European and American agencies – to check they comply with the same good manufacturing practices. That is time those inspectors can put to better use on real risks to patient safety.

Ambition also means using good regulatory outcomes to lower medical costs for patients and government health services. We abolished on tariffs on medicines and medical devices long ago to keep costs down. Closer regulatory cooperation on those products is the next logical step.

Ambition also means having a more prosperous Europe that will be better able to pay for our all our public services.

The final way that an ambitious agreement can help consumers get what they need from governments is by strengthening the transatlantic alliance.

To understand this we need to think about the bigger picture and about the past, the present and the future.

One of the greatest successes of the European Union is that the majority of our consumers have been able to get most of what they need for a great many of last 60 years.

Economic integration has boosted their prosperity. EU regulation has safeguarded their health, safety and consumer rights

And with the fall of the wall 25 years ago this month, and the enlargements of the last decade that circle of consumer empowerment has been gradually expanding.

But today, European people on the whole do not feel secure about their future.

They are concerned about the state of our economy. They are concerned about the complex economic and political changes of globalisation. The economic rise of emerging economies is a huge step forward for humanity.

But it does means less influence for Europe in the world in the future. That leads people to ask if European standards and values can be protected. This agreement can help us answer that question with a clear "Yes."

We can forge a new partnership between Europe and the United States to defend the values and standards we share. The more that the EU and the US can agree on regulation, or on rules about the interaction between trade, labour and the environment the more we will be able to shape global rules around those issues together.

Ladies and gentlemen,

This kind of agreement – one that addresses the full range of consumers' needs – is only available if we are all ready and willing to work together.

The Commission has a role to play in that.

We must be more open to genuine two-way discussion. And we must be more transparent about the negotiations themselves. For me, this is only natural. As a Swede, I have transparency in my genes. That's why I made a commitment on this at my hearing and why I am working now to put it into practice. But we will only deliver a TTIP that is good for consumers – not bad or ugly – if those outside the negotiating room also play their part. Parliament and Member States' input is essential. I am committed to work hand in hand with you. I ask that you also work in the same spirit with the Commission. We also need constructive input from the whole range of civil society groups: trade unions, business associations, environmental organisations and, of course, consumers. I've already started to talking to some of you already. I want to work with you to understand your specific ideas on how we can make this deal better for consumers and citizens. We won't be able to agree on everything. We all have different views and priorities. But a more cooperative negotiation will lead to a better outcome – for consumers and for everyone else, on both sides of the Atlantic.

Ladies and gentlemen,

Another great Italian artist once noted: if we want everything to remain the same, then everything must change. If we want to keep providing consumers with safe, high quality goods and services at fair prices and under fair conditions. If we want them to continue to have high standards of living, and protect their public services.

And if we want a stronger transatlantic partnership to defend our standards and values in the 21st century then standing still is not an option. The challenges facing Europe today are serious.

And TTIP is a serious response to those challenges.

Let's work together to achieve it.

Thank you for your attention. I look forward to our discussion.

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