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# Opening Remarks by U.S. and EU Chief Negotiators for the Transatlantic Trade and Investment Partnership (T-TIP) Round Ten Press Conference

*Opening Remarks by U.S. and EU Chief Negotiators for the Transatlantic Trade and Investment Partnership (T-TIP) Round Ten Press Conference*

*Brussels, Belgium*

*July 17, 2015*

**Moderator:** Good afternoon. Welcome to the press conference that marks the end of the tenth negotiating round of the T-TIP negotiations. With us we have the two chief negotiators. For European Union Ignacio Garcia Bercero; and Dan Mullaney for the United States. Both negotiators will make a brief introductory remark and then they will be available to answer your questions.

I give the floor to Ignacio, please.

**Mr. Bercero:** First of all, good afternoon. This week we are concluding the tenth round of negotiations. These negotiations have taken place at a very important moment.

At our last meeting in June the leaders of the G7 including Presidents Juncker, Tusk, and Obama gave to the European Union and to the United States a clear indication on the need to intensify our discussions from T-TIP and find a way forward in all areas of the negotiations.

Of key importance also, the 8<sup>th</sup> of July the European Parliament gave strong support to these negotiations. This provides to the European negotiations with a strong and forward-looking political guidance on how we should be engaging in the next phase of negotiations. It also underlines very clearly that only an agreement which is comprehensive, balanced and ambitious will have the support of the European Parliament.

Also as you know, the United States Congress has adopted trade promotion authority in June and this provides an additional political impetus in support of the negotiations.

We have therefore engaged this week with strong political wind in our sails. This means in practice that the tenth round has been all about how to make progress in all areas of the negotiations, by which we mean market access, regulatory cooperation, and rules.

To that effect we have had discussion this week on almost all the elements of the negotiations. On the substantive issues let me highlight a few important points.

In the area of market access we have reached an important milestone. Both sides have exchanged revised services offers. The European Union has also tabled its textual proposal for a services chapter. Services is a key component of the transatlantic economy and therefore it is an area where both the European Union and United States are seeking to achieve an ambitious outcome including additional commitments that go beyond what we have done so far in our [16] bilateral and multilateral agreements. Both services' revised offers also very much reflect what Commissioner Malmstrom and U.S. Trade Representative Froman stated publicly in March on public services. T-TIP will fully preserve the right of public authorities to choose the manner in which they deliver and run public services offered to their citizens.

We have not discussed this week tariffs and public procurement but these remain essential elements of our negotiations for which we also expect to achieve a high level of ambition. On both areas we are currently considering further steps about how to move forward our discussions.

For example in the case of public procurement the objective remains to enhance business opportunities through substantially improving access to government procurement opportunities at all levels of government on the basis of [inaudible] treatment. We hope therefore to establish a framework that would allow us to intensify negotiations on procurement market access and help us to proceed with an exchange of offers.

A lot of our time this week has been dedicated to regulatory discussions. There is significant convergence between the European Union and United States that under this regulatory pillar of the agreement we should be able to achieve five elements. Agreement on good regulatory practices; ambitious chapters on technical areas to trade and sanitary and phytosanitary sanitary measures, that strengthen and go beyond our assisting cooperation on these areas in the WTO; a framework to facilitate regulatory cooperation in the future; and greater regulatory compatibility in the nine sectors that we have identified including, for instance, cars, pharmaceuticals, medical devices and textiles, just to name a few.

As an illustration of the work that we are doing on the specific sectors let me highlight some examples relating to the pharmaceutical sectors. Discussion of pharmaceuticals between the Food & Drug Administration (FDA) and the European pharmaceutical regulators continue to make good progress. This week regulators from both sides have reviewed the work being conducted to assess our respective system of good manufacturing practices. This is intended to ensure that pharmaceuticals placed in the market are produced with the highest protection standards. The audits that we are currently performing of both the European and the U.S. system and which will continue in the coming months will help us to determine what concrete outcomes can be achieved under T-TIP in this particular area.

The European and American regulatory cooperation in the pharmaceutical sector is already producing some concrete results. For example, the European Union and the United States have now introduced compatible regulations leading to a single development program for biosimilar medicines. This is particularly important for the generic medicine industry. In practice, biosimilar medicines approved in the European Union can be considered as a reference in the United States for the approval process and vice versa. This will avoid duplication, reduce costs, and could lead to greater availability of cheaper biosimilar medicines for patients.

I would like to reiterate once again that all our regulatory discussions are based on very clear principles. Nothing that we will do in the regulatory areas will reduce any of our high standards of consumer, health, labor or environmental protection. On the contrary, we will uphold them and where possible reinforce them. Regulatory cooperation must be based on mutual interests and be led by the regulators themselves. And our regulatory processes are not going to change because of T-TIP. Any future decisions on regulatory cooperation will be adopted in accordance with the domestic regulatory frameworks of each side.

This week we have also had good discussions on trade rules. This is an area in which both the European Union and the United States believe we can bring significant benefits. Not only for our bilateral trade relationships, but also to enrich, with common and ambitious contributions, the development and modernization of global rules for the 21<sup>st</sup> Century.

The key component of T-TIP is for us sustainable development. It has not been in our agenda this week simply because we are currently finalizing an ambitious proposal which would go beyond what we have proposed so far or done in any of our previous agreements. We aim on presenting this proposal to the United States colleagues in September, and it is our normal practice once we have presented it to the United States the proposal will become public.

As regards other rules areas, we have made good progress this week on competition, customs and trade facilitation, or state to state [inaudible]. We have also had positive discussions on energy and raw materials.

Our work has also been significant on small and medium enterprises. Both sides have developed a positive approach on discussions on this innovative and important chapter. As has been confirmed by presentations in the stakeholder event, SMEs stand to benefit from a wide range of areas that are being discussed in this agreement. Whether it is in terms of tariff elimination, better access to services or procurement opportunities, better information about regulatory measures applicable in our respective markets. All of these are elements where SME representatives have been highlighting this week that it is particularly important to reduce the cost of complying with unnecessary and often duplicative technical regulations while fully guarding the standards of protection.

With T-TIP we want to make life for SMEs easier.

A remarkable effort has been put again in engaging with around 400 registered civil society stakeholders. This was very important for me, our team of negotiators. We had the opportunity to listen to a wide variety of people and organizations. From the student organizations to trade unions, SME's, car producers, et cetera. Some of the representatives put forward interesting ideas on which we would reflect and which can contribute to a better outcome of the negotiations.

Some of course have also expressed concerns and we have always been ready to engage in a discussion about those concerns. For instance, on the issue of public services, there have been several occasions and opportunities to repeat our very clear and firm position that nothing in this agreement could in any way compromise the quality and the protection of public services in the European Union or in the United States.

Finally, let me confirm that we would continue in the direction of intensification of our discussions in the upcoming months, both interessionally and with the organization of additional negotiating rounds.

Thank you very much.

**Moderator:** Thank you, Ignacio. Dan?

**Mr. Mullaney:** Thank you Daniel, and my thanks to Ignacio and his European Commission colleagues for having hosted us so graciously this week in Brussels for these discussions.

Our discussions this week follow a series of important statements of support for T-TIP, both from our leaders and from our legislators. At the G7 meeting in June, U.S. and EU leaders called for an immediate acceleration of work on all T-TIP issues. Shortly after that the U.S. Congress passed trade promotion authority, signaling its support for the Administration's very ambitious trade agenda including T-TIP. Then just last week the European Parliament adopted a report emphasizing the great economic and political promise of T-TIP.

The negotiating teams on both sides now have clear guidance to get T-TIP done and to bring home a strong agreement, and both sides have worked hard this week to accelerate progress across the board. This is an encouraging sign in light of the amount of work that remains to be done.

One of the most significant steps forward this week was the tabling by both sides of second market access offers for services. This is a very important part of the T-TIP negotiations because services account for the bulk of the economic output both in the United States and in the European Union. Our negotiators began examining the new offers in detail and developing a deeper understanding of each side's priorities. We have much more work to do in this area, but the acceleration of market access talks on services was a welcome step forward.

We also had productive discussions this week in the area of regulatory coherence where we're exploring cross-cutting commitments in areas such as transparency and stakeholder participation.

Our teams also considered proposals for enhanced cooperation between regulators, and they worked to identify good regulatory practices that we both can embrace. And of course all of these efforts will preserve each side's right to regulate in the public interest.

And in our discussions on specific economically significant sectors, our negotiators and regulators continued their joint technical work that will be necessary to achieve greater regulatory compatibility. Our goal in these sectoral discussions is to agree on steps that yield cost savings and regulatory efficiencies while maintaining high standards of regulatory protections that our citizens expect.

Our negotiators on customs and trade facilitation continued their important work identifying ways to reduce delays and costs at the border and to eliminate red tape and bureaucracy. Eliminating these types of barriers can make it easier for exporters to reach customers both in Europe and in the United States.

Our negotiators are working closely with stakeholders from all parts of the supply chain to pioneer new standards and practices for customs procedures worldwide.

This work on customs and trade facilitation offers special promise for small and medium sized enterprise which can find border procedures particularly challenging. Indeed, we have in the negotiating group for T-TIP a group dedicated to small and medium sized enterprises or SMEs. This week our negotiators in that group discussed several core elements of a T-TIP chapter on SMEs.

They considered options for providing user-friendly information on U.S. and EU product and trade requirements. They discussed ideas for promoting bilateral cooperation to support and promote SME development. Among these were aspects of intellectual property rights protection and the role of business and technology incubators.

On the margins of the Brussels round, U.S. embassies in Stockholm, in Brussels, and in Paris also organized SME outreach and roundtable discussions with SME representatives and associations so that our SME negotiator could hear directly from EU SMEs, both inside and outside of Brussels about the common challenges small businesses face on both sides and how T-TIP can help them reach new transatlantic customers, partners and suppliers.

So I've highlighted a few examples of our work this week, but we also have sought this week to accelerate progress across all of the negotiating groups for the rest of the year. Although we did not discuss tariffs during this round, tariff elimination will be a core element of an ambitious T-TIP agreement. U.S. and EU tariff levels are already low by global standards, but each side retains tariffs, including some in double digits, that discourage trade or that make consumer products or manufacturing inputs more expensive than they need to be.

The United States continues to emphasize the goal of concluding a T-TIP agreement that eliminates all tariffs in our bilateral trade. This is a goal that was endorsed in a joint final report of the high level working group, the body that recommended the launch of the T-TIP negotiations, and eliminating tariffs would of course be especially beneficial for SMEs, so we are continue to work on a path towards second tariff offers in the coming months.

As in all previous rounds we paused our talks for several hours on Wednesday to hear from a broad array of stakeholders. Once again, their presentations provided useful opportunities for our negotiators to discuss ideas with representatives from a wide range of employers, workers, public interest groups and other stakeholders. We greatly value this dialogue with stakeholders both during the negotiating rounds and in between them. All of our negotiating proposals are derived from stakeholder input and stakeholder advice during the course of the negotiations continues to influence our T-TIP negotiating objectives.

For instance, this week we heard concerns from professional educators that this agreement should not require privatization of public services such as schools. We also heard from medical students and public health professionals that T-TIP should not undermine the quality of medical education and health services and should not restrict the ability of governments to fund these important services. And we heard that the agreement should not constrain government's ability to regulate in the public interest, for example to ensure that the medical education system here in Europe will continue to train professionals who are among the most skilled in the world.

We can put these fears to rest. The United States itself maintains a vital network of public services and these negotiations will not undermine our ability to provide such services and to regulate them to ensure their high quality.

To address head-on the misunderstandings about how trade agreements work in this area, Ambassador Froman and Trade Commissioner Malmstrom issued a joint public statement confirming that the United States and the European Union in their trade agreements do not prevent governments at any level from providing or supporting services in areas such as water, education and health.

Our trade agreements also do not impede the ability of governments to adopt or maintain regulations to assure high quality services and to protect important public services objectives such as health, safety or the environment. T-TIP will be no different.

In closing, I'd like to remind everyone why we are here this week and what's at stake. We have in T-TIP an opportunity to build on the foundation of our seven-decade partnership to make the transatlantic economic relationship an even stronger driver of U.S. and EU prosperity. We already trade extensively and invest heavily in each other's economy, but we can make that trade and investment easier and we can make it more productive. We can make sure that small business owners can find new customers across the Atlantic and can increase their exports. We can reduce the number of forms that are required at our borders. We can reduce redundant bureaucracy.

We also have an opportunity in this negotiation to send a clear message about trade to the rest of the world. T-TIP can reinforce the economic foundation of the world's most important political and security relationship, the one on which global prosperity and stability most depend.

Through T-TIP we can demonstrate that trade can flourish alongside strong labor and environmental protections and that creating opportunity requires no sacrifice of regulatory standards.

We have an opportunity to conclude T-TIP negotiations during President Obama's presidency, but this will require us to take advantage of every month and of every day available because we still have a lot of work to do.

Rest assured that the United States remains firmly committed to a successful conclusion of these negotiations and to accelerating progress this year.

Thank you very much, and I'll look forward to answering your questions.



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