Aiming high: The values-driven economic potential of a successful TTIP deal

by
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In 2013, Presidents Barroso and Obama launched negotiations for a Trans-Atlantic Trade and Investment Partnership, or TTIP. A deep and comprehensive free trade deal in generic terms, but much more than that from political, commercial, and civil perspectives. We have now held five formal negotiating rounds, and it’s time to re-state the importance of this deal not only to us in Europe and the US, but for people around the world.

The overall figures are impressive. The EU and the US trade goods and services worth around EUR 2 billion every day, and together we make up one third of global trade. Independent assessment indicates that both sides could gain significantly in terms of GDP growth over ten years (EUR 120 billion in the EU, EUR 90 billion in the US) – and equally so does the rest of the world (EUR 100 billion). Such opportunity for growth is not something to leave by the wayside in a time of hesitant economic recovery.

But these macro figures don’t tell the whole story. The EU and the US have much more in common than our trade relationship. We share values: on democracy, on human rights and freedoms, and on a global rules-based trading system. Each of us enjoys a vibrant civil society and business sector, and broad political debate over things that matter. TTIP’s potential to deliver results depends very much on our ability as negotiators to meet the interests of all our stakeholders.

That's why we are looking at three distinct areas: market access, regulatory cooperation and trade rules. Market access is a traditional element of trade negotiations. Tariffs between the European Union and the United States tend to be low in general but are still very high on certain important products, such as dairy and textiles. Even for products that have lower tariffs, such as chemicals, the volume of trade is so large that the tariffs add up to a significant extra tax on business.

Getting results on market access for our services industries is also important. Both the EU and the US have very strong services sectors, ranging from finance and commercial services, via the professions such as doctors and architects, to transport and environmental services. TTIP would help our world-class industries
to be able to establish themselves and work in the US without many of the restrictions that they face today. Furthermore, EU firms are highly competitive in many of the things that governments need to buy: for example energy services, rail transport equipment, aircraft, pharmaceuticals and textiles. TTIP could open up more public tendering by the US federal government and US states to EU bids, generating new contracts and jobs for European firms.

Market access isn’t everything, however. From a global perspective, the regulatory and rules parts of TTIP are key. In the regulatory part of the negotiations, we are looking at how the EU and the US could cooperate better together in the future on new regulations, for example in breakthrough industries such as medical devices. We are also finding ways to align existing regulations, for example to stop unnecessary, unjustified duplication of tests, or to remove barriers to trade caused by two different ways of achieving the same result. These may seem unimportant by themselves, but taken together, reducing these trade obstacles would give a significant boost to trans-Atlantic trade. If the authorities of both sides work together from the early stages, we could avoid problems for businesses, share our limited resources and probably produce better outcomes.

As I have underlined many times, this is not about lowering regulatory standards. Where we agree with each other we will see what we can achieve together; where we don’t, we will continue with our own approach.

Given the economic heft of the US and EU, any shared standards, policies or practices that we can agree in TTIP would almost certainly have spill-over effects on the rest of world trade. Producers in developing countries would not have to choose between US and EU market requirements – they would be able to start selling to the other side without incurring extra regulatory costs. The influence of strong US and EU standards would make it more worthwhile for other countries to develop their own policies based on the trans-Atlantic model. In areas such as trade in raw materials, high environmental and labour standards, the role of state-owned enterprises and the importance of intellectual property rights, a strong trans-Atlantic statement of intent would help steer
the multilateral debate in a positive direction for traders, workers and consumers worldwide.

This, then, is our ambition. A trade partnership that: opens our markets wide for goods, services and public procurement; that provides a framework for us to cooperate in the long term on regulatory issues affecting trade; and that sets high standards across a range of globally significant economic issues.

After five rounds, we are making good progress – but it won’t be easy. Many of these things are deeply intertwined and we need to work hard to get the right results for our citizens. This is a complicated choreography to work with: with Member States and US states, EU and US regulators, EU and US legislatures, Trans-Atlantic business and civil society. That’s a lot of voices to bring together. So a key element to success is making sure that we listen to the important concerns and interests of our stakeholders. This is what I have in mind when talking about the current EU consultation on investment protection, about the importance of safeguarding the EU’s high standards of consumer and environmental protection, and about what TTIP could deliver for the global economy.

In this electoral year for the EU and the US, I want to highlight that it is Congress and the European Parliament – as well as the heads of 28 EU Member States that form the European Council – that will eventually need to examine, debate and approve the deal. The public debate about TTIP is very welcome in this context, and I look forward to continuing to take full part in it.

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