



## TTIP: How it benefits social partners

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**Cecilia Malmström**, Commissioner for Trade

*Brussels - Conference: TTIP: What's in it for the Social Partners*

Ministers,  
Ladies and Gentlemen,

Thank you to Prime Minister Bettel, President Schulz and President Dassis for making this day possible.

It is the first EU gathering of social partners from across the 28 countries to exchange views and experiences about the potential of TTIP negotiations.

Let me start by stressing that social partnership is a European invention. It's a vital part of how we manage our economies in an inclusive way. And it's a model we should be proud of and that has delivered results.

Coming from Sweden, I can say that cooperation between government, trade unions and employers has been a key part of our economic success.

And I know that that the European social dialogue mandated in the treaties has also delivered results on issues like parental leave and part-time work.

It is therefore important today to hear your contributions and perspectives on TTIP. It's also important for you to exchange views and experiences as social partners in all the different countries on what each of you can get out of it.

I know that TTIP is a highly debated topic in a number of EU countries and that there are both supporters and some fierce opponents in some of your countries.

I have been in charge of trade policy in the European Commission for just over a year. In that time I've lucky to travel to 17 EU countries and to meet many of your organisations.

I have heard your assessments of the difficulties you are facing with trading with the US and how TTIP can help. I have also heard some of the doubts and fears that some of you have about some elements of the negotiations and I have tried to address many of them.

I'll make five quick points to open this high level panel.

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First, the potential economic benefits are good for both employers and trade unions.

The US market is already the most important outside the EU for many companies and their workers. Almost 5 million jobs in Europe are dependent on exports there alone. That works out

at around 200 000 jobs in Poland; 300 000 in Spain and over 120 000 in both Ireland and the Czech Republic.

If we reduce tariffs, make regulation more compatible, open up public procurement opportunities and make it easier for service providers to do transatlantic business...

...that means new opportunities for exporting businesses and for the people who work for them today or apply for jobs with them in the future.

We know this works. We have seen that the EU's free trade agreement with South Korea has brought a 50% increase in the EU exports towards South Korea in the four years since it entered into force.

Let me also be clear that when I talk about businesses like this I'm talking about small ones as well as large ones.

I have met with European SMEs all across our continent and even some that have set themselves up on the other side of the Atlantic. There are so many creative and ambitious people ready to take advantage of TTIP to expand and create jobs in Europe.

That's why we are making sure that it addresses key issues for SMEs - like regulatory duplication or rules of origin - and includes provisions to make it easier for SMEs to use them.

Furthermore, while we don't have figures for the number of EU workers whose jobs depend on imports, we do know that 80% of our imports are used by our companies rather than being sold to our consumers. Those imports help EU companies control their costs and be competitive. And that, in turn, is what allows them to provide jobs to the people in their communities.

So becoming more open will help both workers and employers too.

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And that brings me to my second point.

Because it's also true that more openness does bring more competition. And that the number of jobs in some companies in some sectors will shrink as others will grow. Whenever you make a change, there will almost always be someone who loses out, no matter how hard you try.

We have to take these realities into account, even when we know that the overall social and economic outcome of trade opening is beneficial.

That's why we have European and national programmes to assist communities and individuals with retraining and adapting - like the structural and cohesion funds for example.

In Trade for All, our new trade strategy, the Commission has committed to a revision of the European Globalisation Adjustment Fund, to make it even more effective. For one thing, so far the money set aside for potential support by the Fund has never been fully used, even though there are certainly communities who could use it. Can we therefore look at expanding the criteria for deserving projects?

And, moreover, we take these issues into account in all our trade agreements, including in TTIP, by ensuring longer transition periods for the most sensitive products. That means liberalisation is gradual giving companies enough time to adapt their business models before competition arrives.

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Third, I want to mention that we have just last week proposed the EU's most ambitious provisions ever on labour rights in a trade agreement.

The EU's proposal for a TTIP chapter on sustainable development, includes an affirmation by both sides to live up to what is covered by the core conventions of the International Labour Organisation.

That includes freedom of association and the right to collective bargaining, a commitment to end forced or compulsory labour and child labour, and non-discrimination in respect of employment and occupation. We would also go beyond these to cover issues like safety and health at work.

And not only does it commit us on these issues at home, we would also step up our joint work together to promote labour rights around the world. For example both sides would commit to the strategic objectives of the Decent Work Agenda of the International Labour Organisation (ILO), including employment promotion, workers' rights, social protection, social dialogue, as well as non-discrimination and gender equality.

I know the issue of enforcement is important for trade unions. And we have not yet, as you know, made a proposal on how we want that to work in TTIP. But suffice it to say, it will have to be effective.

And this is just one of the many ways in which we can use TTIP to strengthen the influence of transatlantic values in the world by coming together - the same goes for the environment, for rules on issues like state-owned enterprises and for high standards of regulation.

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Fourth, investment protection. I know is important for many of you. And I know it's an issue on which social partners in many EU countries do not agree.

Last week, the Commission approved our EU proposal for submission to the US to reform an investment protection system, that was no longer in sync with our times.

We have now a proposal on the table that I believe responds to concerns expressed by the European Parliament, Member States and many social partners and other actors in Europe too.

We propose a new Investment Court System for resolving disputes between investors and states. While it protects investment against unfounded discrimination, it makes a clear break with the past: protecting the right to regulate; eliminating any risk of conflicts of interest; making sure there is a possibility to appeal rulings. It a system that the public can trust. It also allows the EU to take a global lead on reform and opens the way toward our medium term goal: an international investment court.

Finally, two additional things we should not forget.

When we think about social partnership, let's not forget that European workers or entrepreneurs are also consumers and, moreover citizens. They want a protected environment and high quality public services as well as good jobs. They also want policies that affect them to be made in an open, transparent and democratic way.

That's why the Commission takes people's concerns seriously on safeguarding our strong regulatory regime and reaffirming in TTIP our European social model on issues like health, education and culture.

The same goes for transparency. As you know we've come a long way on this and we took another small step forward last week, releasing a detailed report of the 11<sup>th</sup> round of TTIP negotiations. I'm glad you'll be discussing all these issues over in the parallel sessions later.

Second, when we talk about TTIP, let's not forget that it is only one part of our much broader strategy. We are working on more than 20 trade and investment related agreements with more than 60 countries - a figure that's going to rise with the launch of our new trade strategy.

So our goal is not just to make it easier to connect to the US, which is our closest partner, but to make Europe a platform for engaging with the whole world.

That's what will really benefit social partners.

But today we are talking about TTIP. So I look forward to your views, your experiences and your assessments of what's in that deal for you.

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