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Statement of Rep. Henry A. Waxman
Ranking Member, Committee on Energy and Commerce
Hearing on “The U.S.-E.U. Free Trade Agreement:
Tipping Over the Regulatory Barriers”
Subcommittee on Commerce, Manufacturing, and Trade
July 24, 2013

Today we are holding a hearing on an important subject with major ramifications for U.S. policies: the U.S.-E.U. free trade agreement.

The United States and the European Union, which together make up over 40% of global GDP, have entered into negotiations on what would be the largest free trade agreement ever completed. Just for comparison, the E.U. market is more than five times larger than the combined markets of Canada and Mexico, our partners in NAFTA.

We have much in common. E.U. member states are democracies with generally high levels of economic development. And despite recent economic turmoil, they remain dedicated to policies supporting an open international economy. In 2012, more than \$1.5 trillion in trade flowed between the U.S. and the member states of the E.U., nearly double the value of such trade ten years earlier.

The Transatlantic Trade and Investment Partnership, or TTIP, proposes to further strengthen our economic ties. I believe this is a worthy goal, and I applaud the Obama Administration for pursuing it.

While traditional trade barriers between the U.S. and E.U. are already low, with average tariffs under 3%, they are still significant, particularly to small- and medium-sized enterprises that want to become exporters. Lowering these tariffs would save these companies billions of dollars. We can also gain by cooperating on specific challenges, such as local content rules, state-owned enterprises, and customs policy.

For most industries, the major focus of negotiations are “behind the border” barriers, which usually refers to domestic regulatory measures. While we should always work to avoid duplication, we must ensure that the push for regulatory compatibility does not create a race to the bottom. I have consistently believed that trade agreements negotiated by the United States should not compromise sensible standards in the U.S. or abroad. The U.S. and E.U. member

states should strengthen our competitiveness by raising the standards in our countries, not by weakening them.

The pharmaceutical industry is a good example of the complex issues this trade agreement raises. This agreement should not be used as a vehicle to: (1) drive up drug prices in other countries or undermine efforts to reduce prices here; (2) delay or impede access to less expensive generic drugs in developing countries, where too few can afford needed medicines; or (3) disrupt the delicate balance of innovation and access to medicines that we achieved in Waxman-Hatch. Yet this could be the result of some proposals that have been discussed.

International trade has the potential to raise the standard of living and quality of life for people in the United States, the European Union, and around the world. To uphold that vision, we must ensure that our citizens continue to have essential regulatory protections.

Regulations keep automobiles, children's toys, and our food supply safe. They support public health, privacy rights, and secure financial markets. And they are crucial to the global effort to combat climate change.

When TTIP negotiators reconvene, I encourage them to remember the importance of common-sense regulatory measures that enhance consumer well-being. Trade liberalization should not be just about reducing costs or enhancing efficiency. It is more fundamentally about improving people's quality of life, whether they live and work here in the United States or in the countries with which we trade.