



**EUROPEAN COMMISSION**

**Karel De Gucht**

European Commissioner for Trade

## **Team Europe: What we need for a successful TTIP**

Check Against Delivery  
Seul le texte prononcé fait foi  
Es gilt das gesprochene Wort

Ryder Cup, One Year On/ Gleneagles, UK  
**23 September 2013**

First minister, Members of Parliament, Ladies and Gentlemen,

Before I begin, please allow me to thank CBI Scotland for organising this event.

One year from now, here in Gleneagles, Team Europe will take on Team America in the Ryder Cup.

As always, it will be a contest between the world's finest players to see which side of the Atlantic comes out on top.

It will also be a homecoming of sorts. If you squint a little, it can be said that the first match of the competition's history was played here in Gleneagles in 1921.

And most importantly – from my perspective at least – it will be a chance for Europe to defend its title for the second time in a row.

But apart from these facts there is of course one very important detail about the Ryder Cup: It is one of very few competitions where Europe competes as a single team.

Doing so has produced verifiable results:

For most of the tournament's history Great Britain competed on its own or with Ireland. Over those fifty years, this side of the Atlantic managed to win only 3 competitions.

However, in 1979 the team opened up to the rest of Europe. And in the 17 competitions held since we have held the cup 10 times.

The figures are very clear!

And what this shows to me as European commissioner for trade is that when Europe works as a team we have a very strong position on the international stage.

On their own, the Member States of the European Union are important players in the global economy.

But the European Union – with 500 million consumers and a GDP of more than 12 trillion euros – is the largest economy in the world.

That compares to around 11 trillion euros for the United States and between 4 and 5 trillion each for China and Japan. No single European Member State is bigger than 2.5 trillion and the UK is only 1.8.

When it comes to negotiations on international trade and investment, size matters.

Because access to the European market is a sought-after prize. No company can achieve their global ambitions without passing through it. And their governments know this.

That puts us in a strong position when we sit down opposite those governments:

- For smaller economies it means Europe is the stronger partner.
- For the largest countries it puts us in a position of equality that no other configuration would.

And that is particularly important when we - like the European Ryder Cup team – face our counterparts in the United States.

As most of you will be aware, on July 8 we began negotiations for a Transatlantic Trade and Investment Partnership (TTIP).

Here it will be particularly important that Europe works efficiently together, following the fine example set by our sportsmen.

Of course, there's an important nuance in this comparison.

In the Ryder Cup, American and European golfers must play to win. And where there is a winner there must also be a loser.

Similarly, American and European companies must compete fiercely among and against each other for market share. That is how our economies grow.

But the American and European trade negotiators who are negotiating the Transatlantic Trade and Investment Partnership are not in fact competing against each other.

They fight hard to get the best deal of course, which is why size matters.

But both sides have the same basic objective: the biggest possible boost to the transatlantic economy by opening our markets to each other.

That is because we all benefit from trade in both directions, meaning that where Europe wins, America does also, and vice-versa:

- Exports are a boost to demand – as the Scottish whisky industry knows very well.
- Imports are a boost on the supply side – through higher productivity and cheaper inputs – as Scotland's electronics and services industries understand too.

So if we succeed with the TTIP both sides will be winners – and big winners – from this deal.

We believe that the European economy will produce some 120 billion euro extra every year and the US some 95 billion euro extra as a result of this agreement. For the UK alone, the figure could be between 4 and 10 billion euro a year.

But to get these results – we must first succeed in negotiating the agreement.

And that will be a challenge.

Why? Because this deal needs to be ambitious to be effective.

Today's reality is that the EU and US already have a deep trade and investment relationship – the largest in the world in fact:

More than 2 billion euro's worth of traded goods and services crosses the Atlantic every day...

... and our mutual stocks of foreign direct investment amount to more than 2.7 trillion euro.

An important reason these connections are so dense is that we are already both extremely open economies. A lot of trade liberalisation has already happened:

This may be the first time that Europe and America have sat down for a bilateral negotiation but we have actually been negotiating with each other to remove trade barriers for 65 years in the World Trade Organisation and the GATT before it.

As a result, the barriers that remain between us are often the most difficult ones to remove...

.... which is why this negotiation will not be easy.

Let me give you a sense of what we are attempting:

Our first task is to eliminate the customs duties that companies have to pay at the border. In general these are low.

For example, the Scottish chemicals industry probably doesn't fear that its US exports will be blocked by tariffs of six and a half per cent. However, the huge volume of trade between us – and that is particularly the case for chemicals – means that even the low tariffs amount to a large tax on companies doing transatlantic business, so removing them will be beneficial.

In any case some tariffs are higher – like in textiles for instance, another important sector for Scotland. And where they are high that means that some people will want to preserve them.

The second task is to free up trade in services. This is very important for Europe – not only because services trade is important in itself, but also because competitive service companies contribute to the success of the rest of the economy. More than half of the value embodied in Europe's goods exports is added by services like finance and business services – two areas where Scotland and the UK in general are very strong.

So we need to remove barriers to services trade if we want the agreement to be effective. A good deal will also bring direct benefits to services industries here in the UK, with exports from the finance sector predicted to expand by 3% and business services by 0.4%.

Our third task is to open up public procurement. This is important for Europe as companies whose business have a large part of their sales to government bodies account for 25% of EU GDP and 31 million jobs.

However, a number of US federal and state level laws limit European participation in tenders there, meaning lost opportunities. We know that there are powerful lobbies who support those restrictions and that removing them will be a challenge. But it is essential if this agreement is to be economically valuable.

The final, most difficult, and certainly most important goal for this agreement is to reduce regulatory barriers to trade and investment.

Why regulation? Surely the purpose of regulation is protect people from risks to their health, safety, environment and financial security.

That is true, but often regulations also effect trade:

- They may needlessly ban imports of particular products.
- They can make it too expensive for foreign producers to enter a market, especially a small one.
- Or they can just raise the cost of doing business, reducing growth.

And this agreement – if it is to be effective – needs to reduce some of those unwanted effects, while keeping in place the protections that people need.

The goal here is not a transatlantic, **de**regulatory free-for-all.

Instead we are taking a pragmatic approach. On the one hand, we want to look at some existing regulations. There, we will try to make the technical aspects of EU and US regulations more compatible – while leaving the political choices about the level of protection firmly intact.

This is what we would like to do with chemicals and financial services for example – key sectors in this part of the world.

On the other hand, we want to bring more transparency and cooperation into the way we make new regulations, to gradually bring our systems closer together.

But even with this pragmatic approach we should be under no illusions that the regulatory chapter will be easy. Each side has a very deep culture of regulation that is resistant to change.

But if we do a good deal it will be doubly valuable.

Valuable economically: Reducing non-tariff barriers in goods and services between the US and the EU is estimated to be worth 70 billion euro a year each to the European and American economies.

And valuable strategically: By experimenting with solutions to the challenge of international regulatory cooperation the EU and the US are paving the way for future global approaches to these issues.

Unfortunately the World Trade Organisation is not today in a position to take up these challenges. But when it is, we will also be ready. And in the meantime, any common transatlantic approaches we develop will be worth a great deal to exporters around the world, who will face a single set of costs to access our two great markets.

Meeting all of these challenges – and concluding these negotiations – means having the active support of all who want the European economy to succeed.

Because politically, negotiating with the United States is very different to negotiating with any other partner.

- There will be many voices of vested interests who are afraid of US competition and seek to defend their protected territory.
- There will be many voices who misunderstand what is being done – wilfully or otherwise – and seek to bring the process down through unfounded scare stories.
- And there will be many voices who attempt to link this negotiation with other parts of the complex relationship between Europe and the United States.

But we need to be clear that these voices will not – to paraphrase Robert Burns' – cause our best-laid schemes to gang agley.

- That means that as the negotiator, we in the European Commission need to be as open as possible about what we are doing and make as clear a case for it as possible.
- It means national governments have to play their part in communicating the importance of this agreement for their economies.
- And it means the business and wider policy community need to be as vocal as possible about where they see benefits in terms of jobs and growth.

If we all pull together – following the model of our golfing counterparts - we will find our way to a victory...

... that benefits the local, national, European and indeed international economies.

Thank you very much for your attention.