



**EUROPEAN COMMISSION**

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## **Stronger Foundations for Europe's Economic Future**

Trade Policy Conference – Managing the New EU Trade Policy Agenda

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Ladies and gentlemen,

If Europeans – Danes, Belgians, Britons, Greeks – have one thing in common, it's that they are looking for a brighter economic future in uncertain times. The same is true for people all around the world, in fact.

Open markets provide a foundation on which they can build that future.

And the European Union's trade strategy is strengthening that foundation.

How? By connecting our economy ever more tightly to economies around the world – for our benefit and theirs.

Only people can make those connections – between Europeans and Asians, Europeans and Africans, Europeans and Americans.

Our role in government, my role as Trade Commissioner, is to break down the barriers that separate them.

The European Union's strategy to do this is broad. There are many different negotiations with many different partners.

- We have multilateral negotiations - where we remove trade and investment barriers in the 159 member countries of the World Trade Organization (WTO) at the same time. In December the WTO reached an agreement on trade facilitation that will allow products to move faster, more smoothly and more cheaply across international borders. It will benefit people in all WTO members, in particular developing countries.
- We have plurilateral negotiations – where we remove trade and investment barriers with smaller groups of countries. For example, the EU is at the centre of talks launched in January to remove trade barriers on a range of products that help tackle our environmental challenges – an important priority for Denmark. We are in similar negotiations on trade in services and on information technology equipment.
- We have bilateral negotiations – focused on trade and investment barriers in a single country. Last year we started applying new agreements with Columbia, Peru and Central America; we put the finishing touches on a deal with Singapore and reached a political agreement with Canada.

- And we can make unilateral decisions on our own. Like the decision we took last year to focus our trade preferences – what we call the generalised system of preferences – on the developing countries that need them the most.

Each of these projects helps strengthen the foundations of our economic future. In Europe we tend to call that growth. In other parts of the world we tend to call it development. But our aim is the same everywhere – to allow people to build economic connections that improve their lives.

Between all of these negotiations there is a lot going on in European Union trade policy – and I haven't even mentioned all the work we do to enforce the rules resulting from them.

I fear that if I try to tell you about all of it, I will tell you about none of it. So allow me to take an example.

The negotiation I would like to talk about ...

... will – out of all our bilateral negotiations – benefit European people the most...

... is – out of everything we are doing on trade policy – what people here in Denmark and across Europe are most interested in, and in some cases most concerned about;

... and it is also the clearest way to show how the different pieces of Europe's trade strategy fit together.

As you may have guessed, I am talking about the Transatlantic Trade and Investment Partnership (TTIP) with the United States.

I will focus my remarks around those three points – benefits, concerns, and the connection to our wider agenda.

So, why do I say that it's going to benefit us the most?

Because America is our largest trade and investment partner and because we aim to bring down such a wide range of different trade barriers.

That means that this negotiation has the potential to provide opportunities for many people all across Europe. But since we are in Copenhagen, let's look at Denmark.

The US is already Denmark's fourth largest export market, worth around 100 billion kroner. It's also growing steadily. TTIP will help that growth.

For example, it will help people working in pharmaceutical companies. Today, Danish plants that produce for the US market have to be inspected by the US authorities – even though they have already been inspected by Danish authorities for compliance with the same rules. TTIP has the potential to get rid of that unnecessary extra cost.

TTIP will also help exports of wind turbines – truly a speciality of the Danes – by removing America's 2.5% import tax on them. Like many tariffs between the EU and the US, it's not very high. But given the US buys about a quarter of all Denmark's wind turbine exports – more than 1.3 billion kroner worth in 2012 – it amounts to a big saving.

Farmers in the dairy business also stand to see their access to the US market significantly improved – through lower tariffs and the removal of technical barriers.

And it's not just people working in large companies who will benefit from the TTIP. Think about Danish furniture designers. They pay duties of up to 7% to the US government on every designer lamp they sell, serious money when you're dealing with goods of such high value and quality.

In fact, trade barriers in general limit smaller firms more – because they have fewer resources to find ways around the obstacles. In Denmark, small and medium companies export more than the European average. They are well placed to benefit from an effective agreement.

Those benefits are one reason people are so interested in this negotiation, but they are not the only reason.

Many people, here in Denmark as well as in other countries, also have concerns about what they hear about TTIP.

I welcome those concerned voices. They provide a sense of people's priorities. They also provide an opportunity to correct some misconceptions. There are three concerns I want to speak about – regulation, investment and getting people involved.

First, regulation: Some people are afraid that we will allow companies to sell unsafe food or environmentally damaging products or that we will relax rules on banks.

If that were true it would certainly be unacceptable. But it is not.

Now, we are trying to lower regulatory barriers to trade. They are the most important barriers to transatlantic trade. So we need to address them if we want an effective agreement that creates growth and jobs.

Where we can remove barriers, without compromising our values and without lowering the level of protection, we will do so.

- Unnecessary double factory inspections for pharmaceuticals is one example.
- Unnecessarily different car safety standards is another.
- Needless differences between our systems to keep track of individual medical devices in case of recalls is another.

Where this is not possible, where there are good reasons for our different approaches, we will not make changes.

- We will not be changing our legislation on genetically modified food...
- ... or on beef treated with hormones.

Anyone who says otherwise is, I'm afraid, misled.

Second, investment protection.

I'm speaking here about the system known as investor-to-state dispute settlement. This system – which allows investors to bring claims against host governments to international arbitration panels if they think they have been discriminated against or treated unfairly.

This is sensitive. People are worried that this system will limit our freedom to make laws to protect our citizens. They look at some of the cases that have been brought – by a tobacco company against Australia for example – and they ask why that should be possible?

The jury is still out on these cases, but I do understand the concern.

That is why I want to improve the way the dispute mechanism works:

- To make clear that governments preserve their policy space.
- To stop loopholes being used for frivolous claims.
- And to reform the arbitration system itself to make sure it is beyond reproach in terms of transparency and impartiality.

It's also why I want people's help to design our approach to this negotiation, through a public consultation that we will be launching next month. All European citizens will be able to give their views on the text itself.

But as they prepare their views I think it's important that they have all the facts.

These agreements are not new: they have been part of our toolbox for 40 years.

- There are some 1400 of them around the world.
- Almost all EU member states have them. Denmark has 45.
- Nine of our newest member states even have them with the United States already.
- And none of these treaties has stopped us from developing for Europe the world's highest standards in the areas of health, security and the environment.

Investment agreements also exist for a reason. Denmark's economy benefits from the investments your companies make in other countries. And it is a fact that governments in those countries sometimes treat foreign companies unfairly, putting those investments – and ultimately European jobs – at risk. That's why they exist in the first place.

Third – getting people involved in TTIP.

The consultation on the dispute settlement mechanism is just one example of the ways we try to keep the public informed and get their input. We need that input: trade deals are complicated and technical. We certainly don't have all the answers in Brussels.

The most important way we get those answers is through the people's European representatives. Members of the European Parliament, and Minister Jensen and his counterparts in the Council, guide the Commission on how the negotiations will affect the people they represent. They also have the final decision on whether to approve any trade agreement.

We also consult the public directly. Before we started negotiating, we held three general public consultations on what the agreement should contain.

In addition, we are publicly releasing information about our positions, so that everybody can understand what we are trying to achieve. We have published seven formal position papers and a range of guides to the talks since we began.

We have also convened a more structured advisory group of experts, carefully balanced to represent a broad range of interests including labour rights, the environment, health, consumer rights and business.

I cannot stress enough that this represents an unprecedented level of openness for the EU's trade negotiations.

Those are the concerns. But as I said there is a final reason I chose to highlight TTIP to you today: How it relates to our wider trade agenda on development and the multilateral system.

The scale of this agreement, and the importance of both the US and the European Union as trading partners for many developing countries around the world means there will certainly be a wider impact

Our assessment is that this impact will be positive. If the EU and US economies grow, that will help exporters in developing countries, because we will import more from them. In addition, many of the regulatory barriers we remove will not only benefit European and American companies but also exporters from developing countries.

Of course, all trade agreements make producers inside the new open market relatively more competitive than those outside it. But with TTIP this effect will be very small for developing countries. Why? Because they export different products to the US and Europe than what is traded across the Atlantic. They are not competing against European and American producers on either market

In any case, any small effects will be offset either by trade preferences or fully fledged economic partnership agreements, which will make sure they are on an even footing for the longer term.

TTIP also helps our work at the World Trade Organisation.

The main goal of EU trade policy is to reach ambitious agreements at the WTO with all of our trading partners so as to build a global set of rules for trade.

Last year's Bali agreement has brought new momentum back to the WTO. I am working with my counterparts in Geneva to use that momentum to make progress on the outstanding parts of the Doha mandate.

But even if we manage to fulfil all the different parts of that mandate, there will still be gaps in that multilateral rulebook.

When it comes to regulatory barriers to trade, the rules are only in their infancy. An ambitious deal with the US will help develop them. Many of the technical solutions will be able to be applied more widely, especially as they will already be operating in 40% of the world economy.

Providing people - Europeans and our partners - with the tools to achieve prosperity is what European trade policy is all about.

Trade agreements take time - to prepare, to negotiate, to approve and to apply. But they are worth the wait.

Open markets supported the long boom in the West after the Second World War. They have supported the more gradual growth of our economies since then. And they have been essential to the economic booms in the 70s, 80s, 90s across the developing world that have lifted so many millions out of poverty.

That lesson is at the heart of Europe's trade strategy.

I hope we can count on Denmark's support to put that strategy into practice.

## **Find out more**

Visit the EU's [dedicated webpages](#) for more on the EU-US trade talks underway

[Factsheet - The core of TTIP: Tackling regulatory barriers to trade \(PDF\)](#)