

Danuta Hübner
Chair of the Committee on Regional Development

"Opening remarks on the EU-US relation"

*Opening remarks at the European Ideas Network seminar
"Transatlantic relations: new grounds
for increased cooperation on transatlantic issues."
28 March 2014
Madrid, Spain*

This is a very timely debate, back to back with the latest EU-US Summit. The summit has provided a strong political boost and the sense of direction for action on a long list of global and bilateral challenges.

Some of us expected a stronger wording with regards to the outcome of the latest round of TTIP negotiations, the central project in transatlantic cooperation over the years to come. It would be good to hear the thoughts of our panellists on this.

The final joint declaration has left us with an overview of nearly all global and bilateral issues of joint, shared interest where cooperation could make us more effective in terms of delivery but also on which the transatlantic unity will be tested.

I would leave to the panellists the question of whether it was the Ukraine and Russia episode that brought together the leaders of the US and EU in a way hard to imagine some months ago, or whether there are also other factors that have made it once more clear that the EU and US cannot walk separately.

It would be also interesting to hear from the panellists to what extent shared values and beliefs still matter in holding us together, especially regarding international problems.

Can this partnership help us advance causes of global importance like security, poverty, as well as many other issues?

Before I hand over the floor to our panellists, allow to me to say a few words on the TTIP.

What does the TTIP promise?

The TTIP promises to bring along substantial jobs and GDP gains both on the EU as well as on the US side. Such a trade deal promises also to increase product variety, lower trading costs and thus lead to lower consumer prices, positively affecting growth and wellbeing. At the global scale, the deal could give an impetus to

deadlocked multilateral trade negotiations and provide a blueprint for future bilateral trade deals.

Why is the timing better today than in the past?

We know that attempts at opening up transatlantic trade have existed in the past, but faltered due to missing political will and fights over sectoral issues. The timing this time round is certainly also on our side and we must use it wisely.

One factor stimulating a timely completion of a comprehensive trade deal is the low-growth environment plaguing both the US and the EU. We need a long term stimulus to growth.

Another is the limited success, or even lack thereof, in the Doha multi-lateral trade round. Along with it comes the hope that a US-EU trade deal would give a new lease of life to trade cooperation.

Beyond these two factors, comes also the changing global world with its added pressure. With emerging markets gaining weight on the world economic stage, the TTIP is also seen as an opportunity to reinvigorate the transatlantic relation and reassert the role on the global scene. The deal would thus help the EU and US regain some of the competitiveness lost relative to China or India.

How transparent have negotiations been up to now?

Negotiations up until now have certainly been characterized by an unprecedented dose of transparency. While respecting the confidentiality of the negotiations, the Commission has already reached out, and will continue to do so to trade associations, consumer organisations, industry as well as to other civil society representatives, to gauge their views on the TTIP.

Moreover, the Commission has also set up an advisory group of experts for the TTIP. Interests represented by this group include environmental, health, consumer and business sectors, with each sector given the chance to offer advice to the EU trade negotiators on the areas being negotiated.

The Commission's decision to consult the European public on provisions related to Investor-state dispute settlement further reflects the Commission's desire to make negotiations as transparent as possible.

In the broader picture of the negotiations, the Commission is also keeping the European Parliament and the Council well informed. When the negotiations will come to an end, the final deal will need to be approved by the directly elected representative of the people, the European Parliament and, by the representative of Member States' governments, the Council.

Of course hurdles also stand in our way, what are they?

We know that with tariffs already low on both sides of the Atlantic, substantial gains are expected to come from a reduction in non-tariff barriers (NTBs). Reducing NTBs constitutes a challenge in itself. It is difficult to measure them, the gains from them materialize with a lag of 10-20 years, and their reduction or removal often require constitutional, legislative or technical changes.

Other serious concerns include unknowns linked to the inclusion of financial services and data issues into the deal, worries over agricultural disagreements, as well as spillover effects onto third countries and potentially within the EU (a study by the Bertelsmann Stiftung showed that while a substantial boost in transatlantic trade will be recorded, intra-EU trade may falter as a result of the deal).

So where do we stand today with the TTIP negotiations?

The fourth round of negotiations on the TTIP completed in mid-March left us with mixed feelings. The negotiations sent some glimmers of hope on the one hand, along with the addition of a chapter on SMEs to the trade deal.

On the other hand however, disagreements over the Investor State Dispute Settlement and the current row about the removal of all tariffs applied to goods traded across the Atlantic, added new complications to the negotiations.

As talks move forwards over the coming months, negotiators will need to strive to overcome existing bottlenecks and try to find common ground on topics over which differences remain. Divergences should not stand in the way of a vital stimulus, which both the US and the EU so urgently need. If done well, the TTIP would be a catalyst for transatlantic economic relations.

Policymakers will also have to bear in mind the fact that the window of opportunity for reaching a deal is relatively narrow, extending from now until mid-2015, as the US nears its 2016 presidential elections.

And with this, I hand over the floor to Ana Palacio, member of the Spanish Council of State and a visiting lecturer at Georgetown University. I look forward to a lively discussion.