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Getting innovative: How TTIP can boost transatlantic entrepreneurship

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We often hear about the benefits of TTIP at a grand scale, in terms of GDP percentages, jobs and growth slogans. This rhetoric unfortunately fails to ignite interest and persuade at the level of European citizens, a level at which we still need to gain crucial trust and support. It is time to move beyond numbers and mottos and look at concrete examples.

Unfortunately, SMEs are not really seen as those that think of going global, there still seems to be an emphasis on the local markets. The need to focus only on local markets is a myth however. They are in fact competing locally with global firm and need to adjust a globally shaped demand.

A small Belgian company is working on the design and production of industrial cameras, which are temperature and pressure-resistant. These cameras are widely used in Texas for inspecting oil wells damaged by debris, old wells being put back into service and fracturing wells which require an inspection before being used. The company has its biggest customers in the US and is currently negotiating five new contracts with its transatlantic partners. In spite of a genuine interest for cooperation on both sides, the Belgian producer still faces high duties on components that it imports from the US, as well as customs formalities. The producer values the benefits delivered by the EU-South Korea free trade agreement on this front and hopes to achieve similar gains from TTIP.

A small producer of canned artichokes and peppers has been operating in Murcia Spain since 1988. The American market constitutes 30% of overall global artichokes and pepper sales and our Spanish producer has been an exporter in the US for many years. In recent trade agreements with other parts of the world however, the US reduced duties on canned artichokes and peppers. This has rendered it difficult for the producer to compete on the US market. TTIP would offer the ideal opportunity to reduce duties and thus enable the producer to recover the lost position on the US market and eventually become more competitive.

Before I hand over the floor to our speakers, allow me to make two points, one on SMEs and another on innovation more generally in the TTIP context.

All of us here know that entrepreneurs in general and SMEs in particular have been portrayed as some of the key beneficiaries of a successful agreement. A number of milestones illustrate this: the decision to have an SME chapter in the TTIP; the ongoing efforts of the Commission to have its statistical agency, Eurostat, collect additional statistics of interests of EU based SMEs in trade relations with the US. We also know that the Commission is currently holding a consultation (until 15

December) on the trade barriers faced by European industries and individual SMEs when doing business with the US.

What can TTIP offer our SMEs? Nowadays unfortunately SMEs are still confronted by disproportionate trade barriers. Lacking sufficient human and financial resources they struggle to overcome hurdles which are not problematic for bigger firms. It is clear that reducing regulatory barriers will benefit SMEs greatly. Also on the tariff side however, gains are to be had. Small manufacturers and producers in Europe and the US are responsible for about 30 percent of goods exports. For SMEs even a small decrease in the cost of a product can make the difference between staying in the market or having to leave it. Benefits for SMEs are to be found across a variety of sectors. In services for instance, we often find accountants, engineers, information technology specialists and environmental service consultants working in small businesses. TTIP could offer them improved legal certainty and new market access. Similarly, trade liberalization on government procurement could open the gate to a broad range of goods and services from private sector businesses. The list of benefits extends to intellectual property rights and electronic commerce.

Let me now turn to innovation more broadly. We certainly know that US progress and growth is effectively a result of countless past innovations. We also know that innovation coming from Europe was key for US growth. The reverse is also true. Entrepreneurial cultures on both sides of the Atlantic essentially reflect a shared commitment to the rule of law and democracy, offering a very good basis for cooperation. The US and the EU must continue to foster innovation together. The innovative ecosystem is already there, US high tech firms employs tens of thousands of EU scientists.

While Europe certainly has several economies leading the way on innovation, taken as a whole, it still lags behind the US. TTIP can help leverage the Europe's unused innovative potential. We can treat TTIP itself as a policy innovation that can spur growth. Allow me two mention two levers for innovation in TTIP:

One is the promotion of strong IP rights. TTIP will become a template for future agreements, where certain EU and US values are not as well protected as they are in Europe. There will be global effects that will promote innovation, giving confidence to the EU that they will be protected both in Europe and elsewhere.

Another concerns regulations and standards. The regulatory coherence chapter is particularly important here. There will be regulation in new areas: regulating big data, nanotechnology, TTIP can provide a dialogue platform on these issues. Using this discussion as a starting point, we could promote the creation of a permanent dialogue and exchange of best practices on public research and development. A US-EU innovation week could be a good start in this direction.

And finally, let me also mention concrete sectors were innovation fruits are simply waiting to be picked. They include advanced batteries, digital cameras and innovation technology more generally. TTIP can also positively impact non-energy raw materials, making tools cheaper.

There are certainly many hopes stemming from the TTIP. Unfortunately, there are also many challenges ahead of us. We have been witnessing an extremely fragmented discussion, dominated by national and sectoral interests, which could easily lead us to forget the big picture. The crucial importance of the TTIP in a changing global world should not get lost along the way. We are facing also political hurdles, key among them, the lack, as of yet, of Trade Promotion Authority in the US. Just a couple of weeks ago, we faced a new threat in our bilateral relations on the matter of Google, where the idea of unbundling search and other services generated debate about diverging approaches to markets on both sides of the Atlantic.

What can we do moving forward however is to be constructive and take on these challenges, while clearly highlighting the benefits of TTIP to areas such as entrepreneurship. And with that I give the floor to our speakers.