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## The U.S. Chamber of Commerce



”Regulatory cooperation: what coherence can and should TTIP achieve?

Bruegel, 18 July 2013, Brussels

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Constanze Picking

Senior Advisor for Europe

# Towards a Transatlantic Trade and Investment Agreement

- ✓ New Transatlantic Agenda 1995
- ✓ Transatlantic Business Dialogue (TABD) 1995
- ✓ Transatlantic Economic Partnership 1998
- ✓ High-level Regulatory Cooperation Forum 2005
- ✓ Transatlantic Economic Council (TEC) 2007
- ✓ High-level Working Group on Jobs and Growth Feb 2013
- **Start of negotiations: Transatlantic Trade and Investment Partnership July 2013**

# Achievements to date

- ✓ Mutual Recognition of Certificates of Conformity for Marine Equipment (2004)
- ✓ Regulation of Civil Aviation Aircraft (2011)
- ✓ Common Understanding on Regulatory Principles and Best Practices (2011)
- ✓ Partnership on Organic Trade (2012)
- ✓ Trusted Trader Program (2012)
- ✓ US deal to export Active Pharmaceutical Ingredients (APIs) to the EU (2013)
- ✓ Derivatives Agreement (2013)
- ✓ US acceptance of EU commuter and high-speed trains (2013)

# Transatlantic Economic Council (TEC) 2007

Workplan includes:

- ✓ Cloud computing
- ✓ E-vehicles
- ✓ E-health
- ✓ Energy efficiency
- ✓ ICT trade principles
- ✓ Innovation action partnership
- ✓ Investment
- ✓ Limiting regulatory divergence
- ✓ Nanotechnology
- ✓ Raw materials
- ✓ Secure trade
- ✓ Small and medium enterprise best practices

# TEC cont.

- ✓ Roadmap for trade cooperation on raw materials
  - Data, flows & information sharing
  - Resource efficiency
  - Research and development in substitution
  - Waste shipments
- ✓ E-mobility Work Plan
  - Objectives aiming to promote greater alignment, electric vehicle/smart-grid interoperability, and scientific exchange
  - US Department of Energy (DOE) and EC establish two Electric Vehicle-Smart Grid Interoperability Centers (IOCs)

# Progress has been difficult...

## ... why should it be easier now?

- Doha Round blocked, suspended in Dec 2011
- US and EU have FTAs with many trading partner, but not with each other
- New evolving world economic order with declining importance of the US and the EU
  - Emergence of “new global regulators”
- Economic crises forces governments to think about other ways to create growth and jobs...

# Growth, Jobs, competitiveness

- ✓ An elimination of NTBs would increase the national income of the US by €65 billion and the EU by €86 billion
- ✓ Bilateral exports would increase by 36% (US) and 28% (EU)
- ✓ An ambitious agreement would increase employment in the EU by 400,000, less in the US
- ✓ Real wages will increase in the EU and the US
- ✓ The welfare gains (real income) are in the long-run 3.3% globally. Germany 4,7, France 2,6, and the US and the UK with 13,4 and 9,7% increase (IFO)
  - **“Only tariff” elimination has limited impact**

# Need to "turbocharge" Regulatory Cooperation:

- An ambitious "SPS-plus" and "TBT-plus" chapter
  - disciplines on regulatory coherence and transparency
  - regulatory compatibility in specific, mutually agreed goods and services sectors
  - Increase cooperation by regulators on standards-related issues.
- Same goals on both sides of Atlantic: protection of consumers, environment and investors



# TTIP should:

- establish a clear goal of overcoming regulatory divergences, through mutual recognition, regulatory equivalence and other means
  - provide regulators tools to reach this goal, such as Impact assessments, consultations and others
  - establish an oversight body to monitor and encourage progress
  - create annexes to inventory and provide easy access to regulatory agreements in various sectors
- The horizontal structure is critically important to empower and motivate regulators to cooperate at an early stage and through the life-cycle of a regulation

## **Achieve increased compatibility/convergence in specific sectors:**

### Chemicals:

- agree to use globally harmonized system of classification and labeling of chemicals classifications
- agree to coordinate safety assessments of the same chemicals – assessing the same products at the same time and exchanging information

### Autos:

- Different safety requirements in relation to lights, door-locks, brakes, steering, seats, seat-belts and electric windows - equivalence
- Encourage US and EU to develop a “global Tire” symbol

## Cosmetics

- Mutual recognition of cosmetics and cosmetic ingredients
- Ensure ban on animal testing does not create trade barriers
- Harmonize Sun protection factor tests with ISO standards
- Align use of “water” and of “aqua”

## Medical devices

- Make UDI (Unique device Identification) systems compatible
  - Label assigning a number to a device
- Single audit system
  - Share inspector reports and reduce duplicative audits and inspections. Eliminate the need for double registration of medical devices

# To conclude:

- Regulatory convergence is NOT about lowering regulatory standards, which are there through democratic choice
- Regulatory procedures will continue with public notice and comment and strong political oversight by Congress, the the Council and the European Parliament
- Transparency should be the guiding principle
- Reaching the level of trust and confidence needed to conclude such mutual recognition agreements will take time; we hope the TTIP negotiations will accelerate that process, and lead to smaller, but important steps along the way

**THANK YOU!**

