



2014 September

## TTIP POSITION PAPER

# 1 WHAT IS TTIP?

The **Transatlantic Trade and Investment Partnership (TTIP)** is a commercial partnership agreement, currently (since 2013) being negotiated between the European Union and the United States.

It **aims to remove trade barriers existing today in many sectors of activity**, in order to facilitate trade in goods and services between the United States and the EU and thus generate additional trade flows in both directions.

Beyond tariffs, it seeks to bring down all other barriers for exporters from norms, standards and procedures for approvals.

TTIP negotiations also aim to open markets **in services, investments and public procurement**.

This agreement, in view of the volume of trade between the United States and the European Union, will likely redefine the framework of global trade.

# 2. CONTEXT OF NEGOTIATION

The European Council has mandated the European Commission to conduct the negotiations with the United States on behalf of the Member States, **from general objectives** it has set for it.

These objectives are to **remove all tariff and non-tariff trade limiting and destroying value** in trade of goods and services between the United States and the European Union and by extension at a global scope.



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An independent study in 2013 made by the Centre for Economic Policy Research, London, figures the potential benefits of such an agreement when it takes full effect in the following terms;

- The economic gains from the removal of trade barriers could represent **€ 119 billion / year for the EU and € 95 billion / year for the United States**, or an additional disposable income of € 545 for a European average family of 4;
- **Europe would increase its total export sales of € 220 billion per year and the United States 240 billion € ;**
- Increasing the transatlantic trade would also have a **positive impact of around € 100 billion / year on the GDP of other world economies ;**

The objective is clearly to "boost" the world trade by removing constraints that impede purchasing and selling of goods and services between the European Union and the United States.

These are related as well to pricing issues as to technical aspects, regulations, procurement procedures and conditions for access to public markets ...

However, the mandate of the European Council clearly states that **all negotiations must be conducted in compliance with the environmental framework of the European Union** and shall in no case lower its standards of environmental, health and safety, protection of personal data, the rights of consumers and workers.

*« Our high levels of protection are not on the negotiating table. Progress in terms of enhanced trade and investment will not come at the expense of our fundamental values and must be without prejudice to our right to regulate in the way the EU considers appropriate.»*

Source. [http://europa.eu/rapid/press-release MEMO-13-211\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-211_en.htm)

- [The core of TTIP: Tackling regulatory issues](#)
- [Investment Protection and Investor-to-State Dispute Settlement in EU agreements](#)



PRESIDENTS BARROSO, VAN ROMPUY AND OBAMA HAVE MADE CLEAR THAT REDUCING REGULATORY BARRIERS TO TRADE WILL BE ONE OF THE MOST IMPORTANT WAYS THAT THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP) WILL HELP THE EUROPEAN AND AMERICAN ECONOMIES. STUDIES SUGGEST THAT BETWEEN TWO THIRDS AND FOUR FIFTHS OF THE GAINS FROM A FUTURE AGREEMENT WOULD COME FROM CUTTING RED TAPE AND HAVING MORE COORDINATION BETWEEN REGULATORS.

### 3. PROCESS OF DIALOGUE AND DECISION

The European Parliament and the European Council, will ultimately be the guarantors of the decisions taken in relation to the interests of the European Union, as well as the United States Congress will be for the United States.

Regulators (authorities responsible) of the Industrial sectors specifically covered in the partnership are involved in negotiations for the part about them. **9 sectors considered.**

The **negotiations shall be transparent.** The European Commission vouched to inform and consult regularly stakeholders: companies, trade unions, consumer organizations, ...



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# 4. PROGRESS IN THE NEGOTIATION

The 6<sup>th</sup> round of negotiations on the TTIP (Transatlantic Trade Investment Partnership) between the United States and the EU concluded with a phase of meetings from 14 to 18 July 2014 in Brussels after four months of consultation with economic and civil stakeholders; The results of this consultation will be analyzed by the European negotiation team and a summary detailing the positions adopted will be published before the end of 2014.

Ignacio Garcia Bercero, head of trading at European level, has highlighted the quality of **the discussions that involved more than 400 representatives of civil society, consumers, NGOs, trade unions, public health, and well as companies**. These debates were carried on three main themes:

- **Access to public markets**, including national or federal markets but also at regional levels and the ability of private actors to benefit from public investment funds;
- The **harmonization of rules and standards** that govern the different economic activities; These reflections are conducted on a sectoral basis (9 sectors determined) ;
- **The ambitions in terms of sustainable development, employment, environment, energy, SME development**

During this consultation phase, a strong need was clearly expressed by representatives of civil society for **greater transparency** on the content and progress of discussions between Europe and the United States, as well as **expectations of European SMEs of greater openness and simplifying access to the US market**.

**European trade union confederations, are particularly opposed to any introduction of a right of legal action from companies or private investors on the public policy (ISDS: Investment to State Dispute Settlement)** that would provide private economic actors the opportunity to challenge social rights considered fundamental and decided by a government.

source:

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1132>



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# 5. KEY POINTS OF NEGOTIATION

The discussions highlight specific issues for each side :

**Europe wishes to implement an ambitious platform of information for SMEs** (Small Medium Enterprises) to simplify their access to markets and business development across the Atlantic (and perhaps also ensure greater transparency rules ...).

The **United States does not seem ready to give up the 'Buy American provision'** which closes for foreign companies, access to federal investment and public infrastructure projects.

Europe pushes forward its **ambitions in terms of environmental protection and labor law**; The United States does not appear prepared to include them within the negotiation.

The United States want to enclose, **as in the North American Free Trade Agreement (NAFTA)** with its Canadians and Mexicans partners, a **right of action from private investors against public authorities** in the event of disagreement on policies deemed restrictive regarding the free trade partnership.

The United States would also like, under pressure from their farm lobbies, to push the European Union for **acceptance of genetically modified organisms importations**.

# 6. EUROPEAN ISSUES IN THE FIELD OF ENERGY

In a general way, Europe seeks to remove various factors limiting, in the United States, the **export of oil and gas**, the eligibility to **operating license of the energy infrastructure**, **provision of equipment**, and access to **transmission or distribution**. ...



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In turn, the United States would prefer the discussion to focus only on Safety for offshore installations and network access; They do not want to **dedicate a specific chapter of partnership to the energy sector.**

## 7. THE STAKES FOR THE FECER

The scope of bargaining goes beyond the energy sector, and the United States do not want, as called by the European Union, to **devote a separate chapter to energy;**

However, the general decisions in the partnership will highly impact companies in the energy sector; **Energy is a lever of competitiveness for industries, and also an essential service to individuals and communities**

Issues related to guaranty of energy supply, safety of plants and infrastructures, and environmental protection, are at the heart of the challenges of the European Union.

## 8. THE BALANCE OF POWER

The diagnosis of the strengths / weaknesses, opportunities, threats highlights an urgent need, for the United States and Europe, to find new sources of growth in the global economy to **offset excessive dependence of today global economy on China.**

The United States has succeeded, thanks to the massive injection of liquidity into their economies since 2012, to recover the growth rate of GDP they had before the subprime crisis in 2008 but with a **risk of creating a new financial bubble.**

Europe for its part is now **essentially relying on a policy of austerity**, which if it has avoided the worst, ie the collapse of the euro, however, is **not likely to generate the confidence to restart investment and consumption.**



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In this context, a transatlantic agreement promoting trade by reducing tariff and nontariff barriers between the United States and Europe, as a new driver of economic growth would be of **great help for both partners**;

But this project **also generates a lot of fears and reservations especially from European civil stakeholders.**

The analysis of power relations shows that Europeans are in many cases in a weak position, compared to the American superpower that dominates politically, economically, legally, culturally, ...;

Europeans aim, moreover, to **defend a social model more equitable as well as a more environmentally respectful model.** In the environmental field, the United States has not ratified for example the Kyoto Protocol, and in the social field 95% of the increase in revenues was captured by the 1% of the richest in the US, from 2009 to 2011; The revenues of these have increased by 31.4%, against 0.4% for the rest of the population.

Civil European stakeholders fear that this will lead to **a decrease in social and environmental collective guaranties in exchange for some (hypothetical) tenths of a growth** which would benefit first to private investors.

This fear is reinforced by a provision under discussion as part of the partnership, which would **allow private American investors to refer to a supranational tribunal against national laws of the Member States of the European Union.**

In this context, the **FECER must take part in the debate and defend the interests of the 26000 employees it represents**, on the one hand directly expressing its position, with its affiliated members and also through influence of CEC (European Confederation of Managers) at which the FECER is affiliated, vis-à-vis the European Commission.



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# 9. THE POSITION OF THE FECER

FECER does not reject outright all **opportunities to reinvigorate the world economy** that would result from free trade strengthened partnership between Europe and the United States.

Some constraints of tariff orders, technical or administrative, which are likely to curb investment and trade would benefit from being deleted or at least harmonized; To develop information materials to **promote the development of SMEs between the two sides of the Atlantic** seems a necessity ...

However, thanks to the experience of deregulation of finance and public services, imported from the United States to be gradually adopted by European countries in the 1990s and 2000s, **FECER demands that European Union clearly displayed a fundamental determination on social and environmental conditions.**

An economic model based on a headlong rush generated by random financial flows is not be in line with the orientation of the European Constitution.

The challenge of **fighting against global warming must be placed at the heart of discussions** since it determines the priorities for investment for both respect of the world as a responsible and sustainable economic growth ..

The energy sector, as a factor in industrial competitiveness, but also factor in the fight against climate change, must be the subject of a specific analysis.

The TTIP must include a **specific chapter dedicated to the sector of energy.**

European political powers, the governments of member states, cities and communities, are the guarantors of the general interest; They are of course required to comply with international agreements, but they must also maintain their independency regarding private economic interests;



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FECER is opposed to the inclusion of a right of appeal from private investors against the social and environmental policies any of the Member States in the European Union.

An ambitious European foundation in terms of social and environmental responsibility, innovation and strengthening social dialogue, are the real levers for responsible and sustainable economic growth.

The TTIP is the opportunity to re-debate the market model of energy and energy system that has prevailed for 20 years in industrialized countries to make the energy transition in Europe and the United States, the opportunity to economic growth, which is combined with a genuine improvement in the quality of life of individuals and preserving the collective benefit of present and future generations.

### SYNTHESIS

#### POSITION 1

The European Union and the United States must clearly push forward the social and environmental ambitions included in the trade partnership

#### POSITION 2

The TTIP must include a specific chapter dedicated to the sector of energy. The investment and innovation in this sector are critical to tackle climate issues and to foster competitiveness.

#### POSITION 3

FECER objects to the inclusion of a right of appeal from private investors against the social and environmental policies of the Member States of the European Union.