



TTIP: A balanced and reasonable free trade agreement with the U.S.

9 February 2015, Sectoral Social Dialogue ECEG/IndustriAll

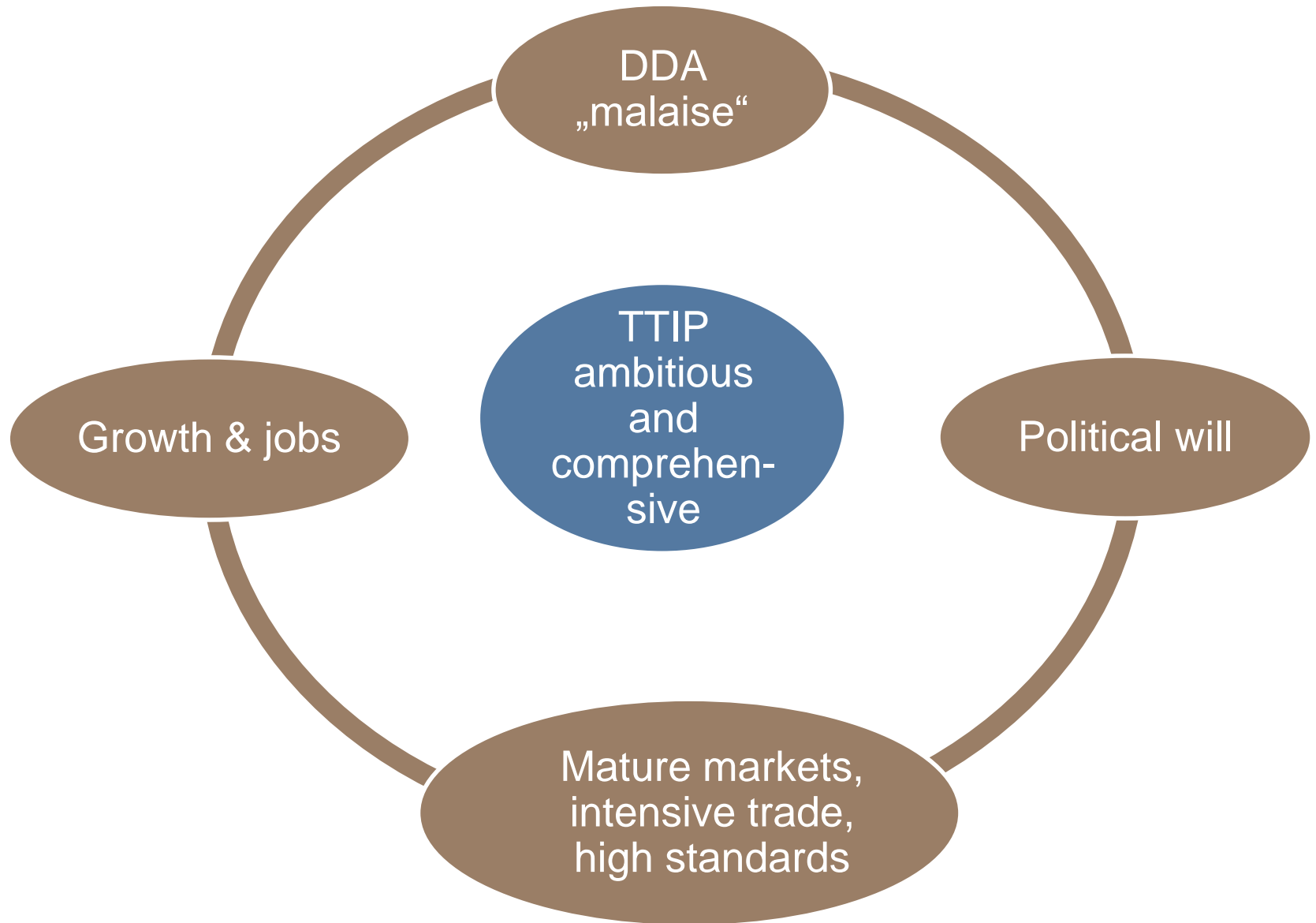
Ulrike Schmülling, VCI Brussels Office

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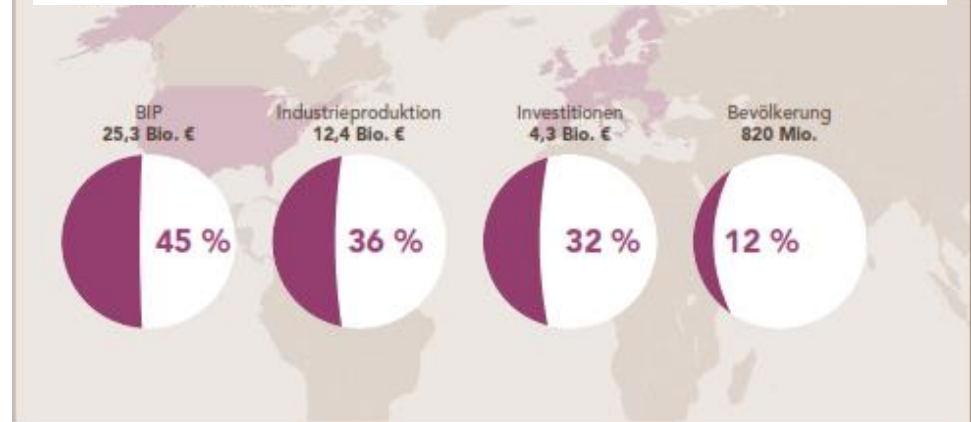
The time is ripe for TTIP



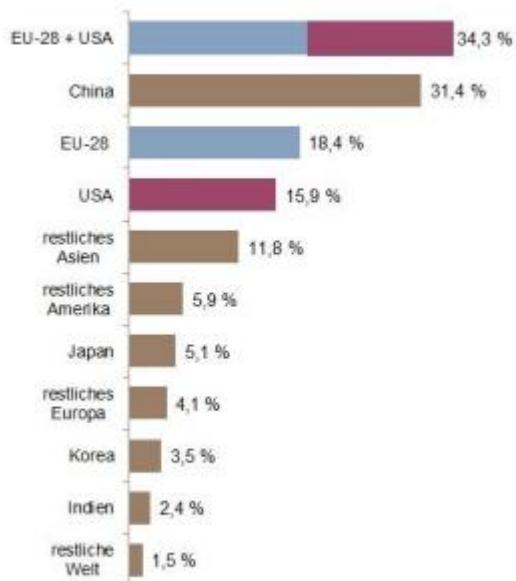
USA and the EU: Two economic heavyweights... ... with declining importance

- ▶ „only“ 12% of the world's population
- ▶ still 45% of the world's value added
- ▶ Caution! Industrial output and investments disproportionately low

Strong together: the weight of the EU and the USA in the World (2012)
Sources: FERI, Eurostat, VCI



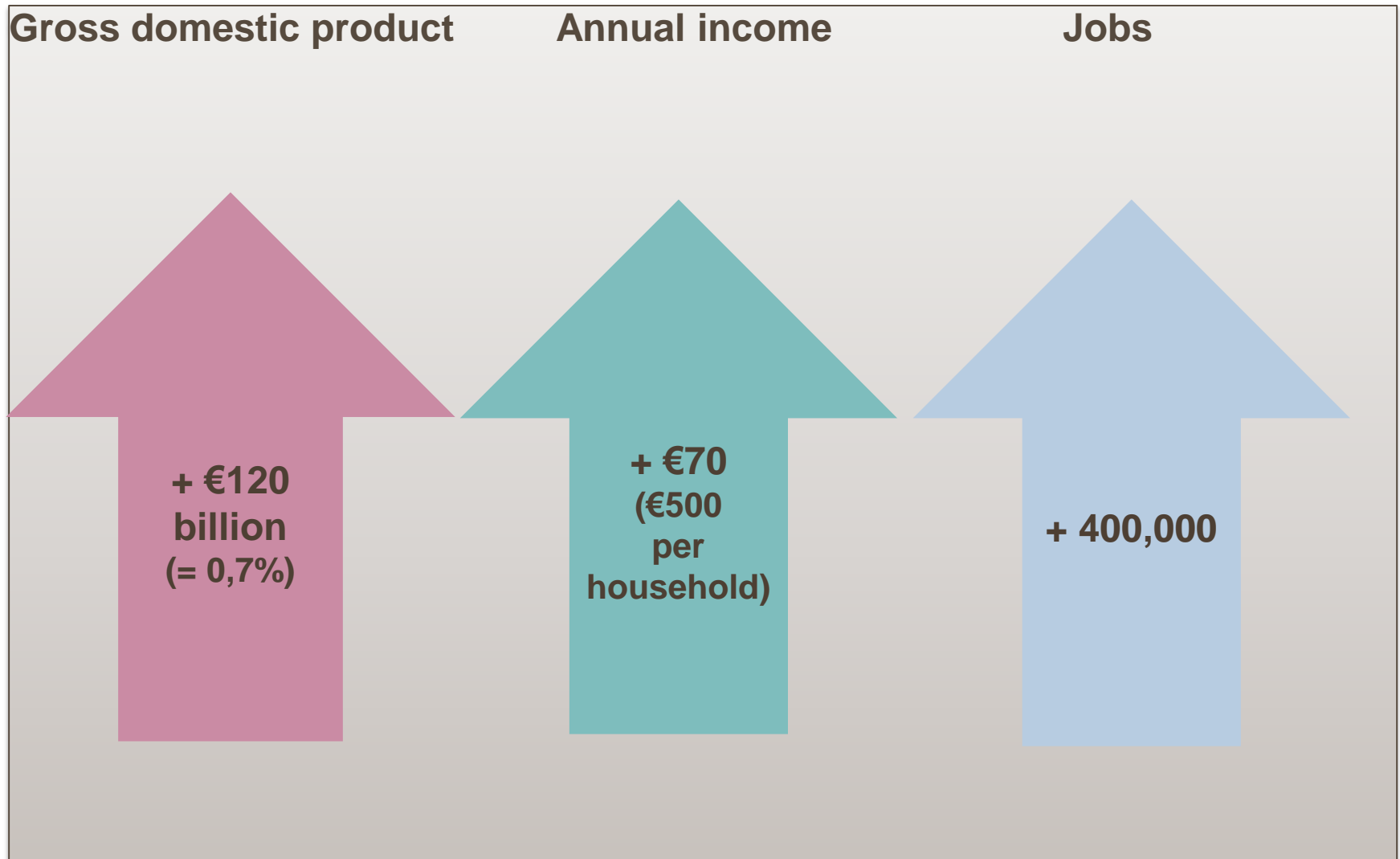
Chemicals in EU and USA: together number 1
Turnover in Chemicals, 2013



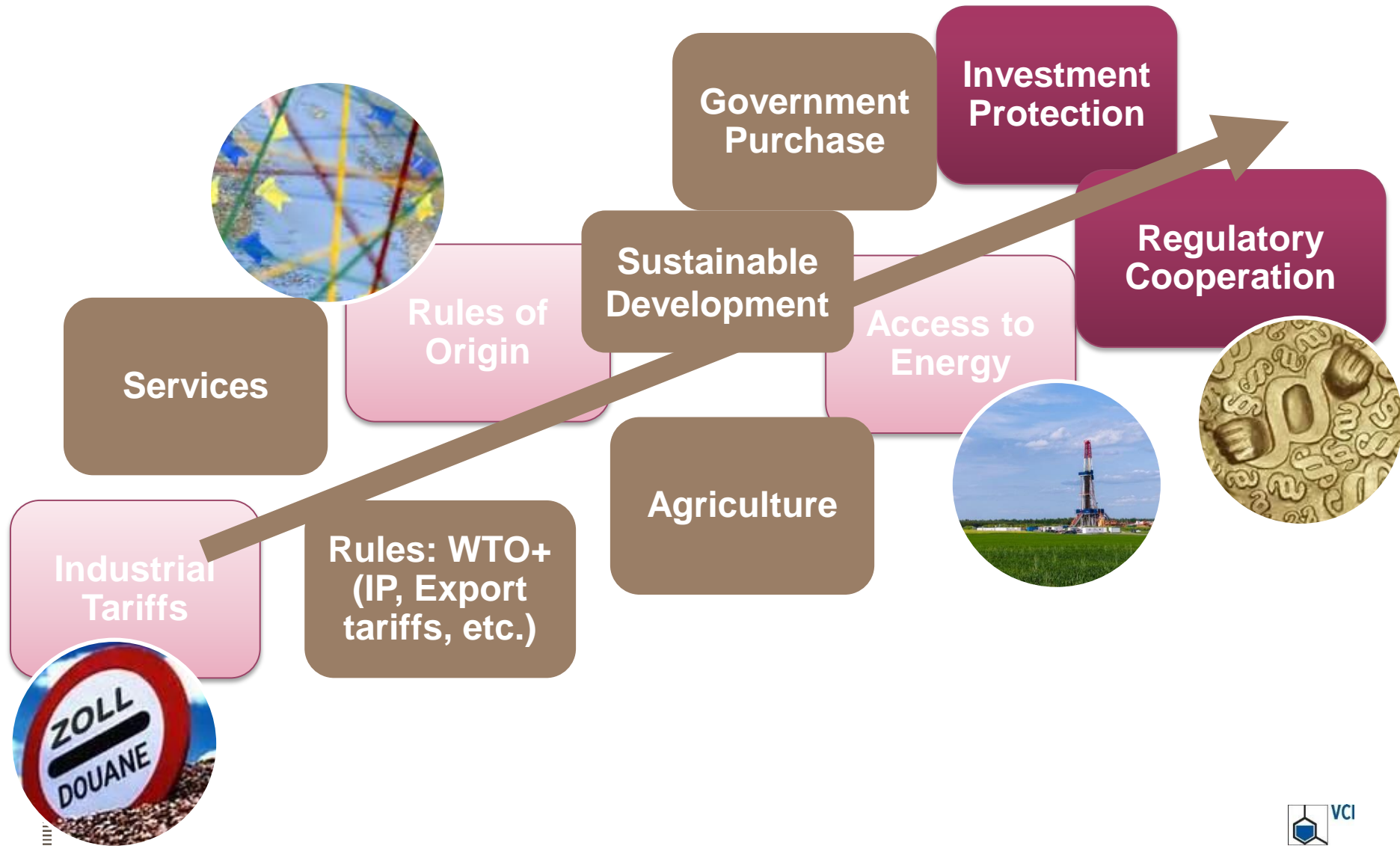
Quelle: Chemdata International

- ▶ Who is going to set global rules and standards in future?
- ▶ Example Chemicals:
 - ▶ China's Industry: soon to be as big as the EU and US industry together
 - ▶ US is already looking westwards (= Asia: TPP)
 - ▶ Consumers and civil society in EU and USA demand high standards of protection
 - ▶ A 'common market' could facilitate a *level playing field*

Macroeconomic effects for the EU



A comprehensive and ambitious TTIP



Regulatory cooperation: tremendous challenges – great potential

Existing regulation (sectoral)

- Sectoral annexes with different level of ambition
- Avoid duplicative requirements/bureaucracy
- Mutual recognition: standards have to be comparable in effectiveness
- Harmonisation: Ideal, but exception

Future regulation (horizontal)

- Horizontal procedural mechanism
- Principle of good regulatory practices
- Obligation to co-operate, no obligation to result
- Regulatory cooperation body

Long-term convergence while maintaining regulatory autonomy

Regulatory Cooperation Body

Institutionalizes regulatory cooperation

Transatlantic partner is informed and consulted

Adoption of work programs and implementation

≠ undermining democracy

≠ undermining regulatory autonomy

Limits of sectoral regulatory cooperation: Mutual recognition of registration of new substances is not possible

REACH: Registration dossier
for new substances > 1t;
Specific set of data required:
„no data, no market“

TSCA: Pre-manufacturing
notification < 1t at EPA
„no specified data needed to
market“

Standards are not comparable in effectiveness

Commission proposals on regulatory cooperation in the chemicals sector

- No change of the regulatory system
- No change of regulation
- Use of existing processes
- No change of deadlines / timelines which have to be respected under REACH and CLP

Cooperation on prioritization of substances for assessment

Cooperation and exchanges on assessment methodologies

Alignment in classification and labelling

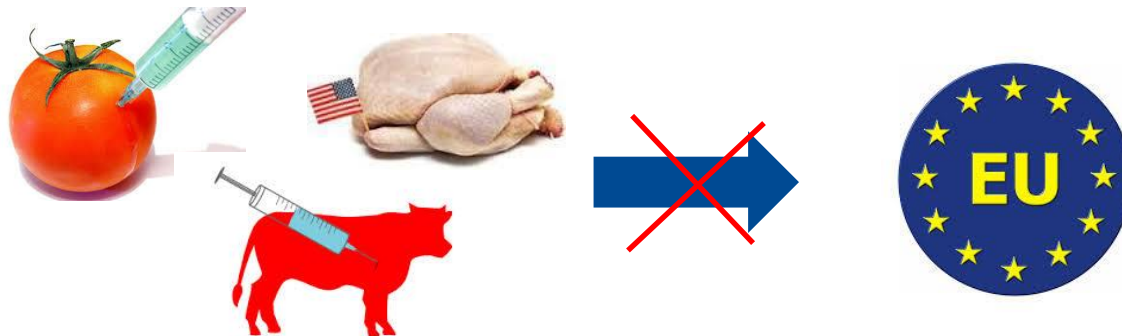
Exchange of information on regulatory plans

Alert each other on regulatory processes affecting individual substances and on new draft regulations

Cooperation on new and emerging issues of common interest

Controversial public discussion TTIP: A threat to food safety?

- The “hot issues”: GMOs, hormone-treated beef, chlorinated chicken
- Previously banned products remain banned!



- For those products not to enter the EU we need TTIP – find solution through negotiations (not through WTO dispute settlement mechanism)
- Likewise European products that do not fulfil safety standards in the USA will not enter their market either!

TTIP: A unique opportunity to reform ISDS

Procedural: Transparency, expertise and independence of arbitrators, costs of the procedure

Contextual: Explanation of legal definitions, emphasis on policy space for governments: non-discriminatory regulatory action serving the public good do not automatically mean a breach of the agreement.

Two-step process: Panel and appellate procedure

A reformed ISDS in TTIP can be a blue-print for multilateral discussions and also for BITs or FTAs!

Trade in former times and modern times

Simple trade: no need for trade rules



A globalised world with fragmented value chains

→ TTIP as a blueprint for global trade rules and high standards

