

ALDE Paper on its priorities for a  
**SMART TTIP**

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The EU should aim to preserve its quality of life, to offer its citizens prosperity and to be able to play a key role on the global stage. A transatlantic trade agreement should be an opportunity in this regard as well as an important geopolitical tool to strengthen Europe. The agreement which is currently being negotiated must be ambitious and develop our strategic partnership with the US, while meeting certain criteria.

For ALDE, TTIP is an element in a broader European strategy to create jobs and growth, and to strengthen Europe's role on a global level. ALDE is therefore working for a smart TTIP, a comprehensive agreement which delivers on the following key points:

### **1. A smart TTIP must achieve a level playing field for EU businesses**

The American market does not provide a level playing field for European companies. Increased market access and fair competition for European companies, without undermining standards should be the main priority in TTIP.

European companies do not have full access to American public procurement, which amounts to more than 10 per cent of the US economy. Additionally there are other barriers to market access, notably in the transport sector and on energy. This situation must be changed, especially since American companies have more access

to European procurement. Without substantial achievements in this area, it would be hard to envisage a successful conclusion of TTIP. We also want commitments from the US to open the air and maritime services sectors to European companies. These are currently completely closed to European businesses, while the Americans can operate on our markets. Not only is this an opportunity for European companies, it could be advantageous for American consumers as well, leading to lower prices and higher quality services. European businesses often encounter problems with customs procedures; this is especially problematic for new products and services or perishable goods. European professionals face lack of mobility and professional recognition when working across the Atlantic. TTIP could also lead to strengthening the EU's energy security by overcoming the US export restrictions on energy. This could contribute to diversification and lower energy prices for European businesses.

Across the board, initiatives are needed which will allow businesses to trade across the Atlantic in a fair way. A smart TTIP should be the key to unlocking the American market of 300 million consumers for European businesses.

## **2. A smart TTIP must deliver for European SMEs**

SMEs are the backbone of the European economy, 99 per cent of European businesses are SME and together they provide 2 out of 3 jobs in the European private sector. In the coming decades, most of the global growth will happen outside the EU. It is therefore crucial that SMEs are able to find their way to new markets, new trading partners and new capital. Trade agreements can be an enabler and TTIP must be used to set an example on how this can be achieved.

A smart TTIP should make sure that SMEs reap the benefits. TTIP must not only remove tariffs (although this would already help SMEs), but also ensure regulatory cooperation so that transatlantic trade is easier, cheaper, and less bureaucratic for SMEs. Moving towards a common set of rules and easy access to information makes it easier for SMEs to operate in both markets, especially also in the future.

Negotiators have already announced that they will create a special chapter for SMEs, the first time this is being done. This chapter must

firstly focus on making information available for SMEs, which often do not have the expertise or capacity to look into which rules and regulations they need to conform to if they want to do business in a new environment. A free online helpdesk would be a first step help in this regard. The EU and the US should also work together to link SMEs to possible trading partners and to stimulate access to capital.

A smart TTIP will leverage the benefits of increased trade to SMEs, which will be crucial to ensuring that the positive effects of increased trade are felt by citizens, not just by shareholders.

### **3. A smart TTIP must set global standards, without lowering European ones**

The standards and values we cherish in the EU must not be sacrificed in favour of free trade or lowered through a trade agreement. In fact, TTIP should avoid a race to the bottom. Imports of chlorine chicken and hormone beef will not happen. A trade agreement will not decide whether and how genetically modified organisms or cloned animals are allowed onto the European market. The precautionary principle must not be compromised through TTIP. Public services, like health, education or water supply, have no place in a trade agreement and must be excluded, as is already the case in all EU trade agreements. Member State Parliaments and local authorities will decide on whether and how to exploit their natural resources.

A smart TTIP will make sure that where possible, standards and regulations are brought closer together and go hand-in-hand with abolishment of customs duties. At the same time, fundamental principles like human rights, consumer protection, labour rights and environmental protection will not be lowered. Any final agreement must therefore contain a strong and comprehensive sustainable development chapter, in which both sides of the agreement commit to these issues.

TTIP must also provide a chapter on how we can improve regulatory cooperation in the future. An agreement must foster and promote the trade and development of new, innovative and/or sustainable goods and services. Any cooperation in this field must unequivocally be consultative only and must involve all stakeholders and legislators. A

trade agreement cannot change the EU legislative process. Yet a smart TTIP should accomplish more. A trade agreement between the two most open and democratic economies in the world provides the opportunity to set global standards together. In a rapidly changing world, upcoming economies China or the Gulf States pursue growth at any cost. We embrace growth in developing economies, but believe it must go hand in hand with the development of standards. The way China operates in Africa provides a grim example of what trade without rules or standards could look like. Through a smart TTIP, the EU and the US can make sure that we enforce our values globally and set the bar higher. We must seize the opportunity to set standards now, or risk having to follow in the future. The consequences would not only be negative in economic terms, but would also be detrimental to the fundamental values that the EU should uphold worldwide.

#### **4. A smart TTIP must set a new standard for investment protection**

Investment must be a part of TTIP. The EU is in crisis and one of the main problems is access to capital. Increasing foreign direct investment can stimulate growth and jobs, without using government investments; this is especially needed for SMEs. In this investment chapter, a way to settle possible disputes is needed as a last resort, and to ensure there is no expropriation. However, it is clear that the system of investor-to-state dispute settlement (ISDS) as it is currently known in nearly 1,400 bilateral investment agreements that the European member states have negotiated in the past on an individual basis, is outdated.

A smart TTIP will radically reform investment protection. Transparency, accountability and legitimacy of international arbitration must be ensured. It is crucial that the right and freedom of governments to legislate in the public interest is ensured. The separation between international arbitration and domestic court systems must be clear, and there can be no treaty shopping or double procedures. Companies must only be able to resort to investment protection when they have clearly been mistreated. In any case, national and European judicial proceedings must not be compromised.

Under a reformed protection clause in TTIP, our European companies

and their investments must also be protected in the US. The applicability of international trade law, rather than US state law, must be ensured.

We must recall that the problems around investment protection go further than TTIP. EU member states already have 1,400 agreements with an outdated system. These also need a solution. The Commission's plan to propose a standing international court for investment disputes is welcome and should be further discussed. A smart TTIP would set an example on how disputes between investors and states can be solved in a legitimate, transparent and accountable manner.

## **Conclusion**

The negotiations on a Trans-Atlantic Trade and Investment Partnership provide an opportunity to strengthen the ties across the Atlantic, in a rapidly changing world. Both economically and geopolitically this provides an opportunity we should not miss. As of yet, there is not a treaty text; the negotiations are still ongoing. It may take years to conclude it. This is not the time to say 'yes' or 'no' to TTIP. We must work towards what kind of TTIP we want. In order to conclude a satisfactory TTIP, we need an open negotiating process. The Commission's recent transparency initiative is already a very good starting point. Different stakeholders and interest groups must be involved to make sure we get a good agreement. An agreement that will deliver growth and jobs, by furthering opportunities for European businesses, especially SMEs. An agreement that fosters and promotes our values and which raises the bar for the rest of the world, while strengthening the EU's role on the global stage. An agreement that radically reforms investment protection. The Alliance of Liberals and Democrats for Europe wants a smart TTIP, that delivers for European citizens and consumers.

