BUSINESSEUROPE Day, Commissioner Malmström at the panel debate on international trade as an investment driver. 27 March 2015

Panel participants:
- Ms Cecilia Malmström, Commissioner in charge of trade, European Commission
- Mr Larry Murrin, President of Ibec and Chief Executive Officer of Dawn Farm Foods. Replaced by Mr Markus Beyrer, Director General of BUSINESSEUROPE
- Mr Peter Chase, vice President Europe, US Chamber of Commerce

Moderator:

The 4-5 minutes opening statement by Commissioner Malmström was followed by a debate with an opening question by the moderator on why trade was important as a driver of investment? How important is international trade as a driver of investment? What are the main challenges that need to be addressed to ensure that it can play this role to the full?

Main interventions per topic during the debate:
Public debate about Trade:

- **P. Ivory** presented several examples illustrating how investment has driven Irish SMEs and multinationals alike, including Larry Murrin’s company Dawn Farm Foods which started as an SME in 1985 producing processed meat and then implanted itself in the UK where it became a supplier for Pizza Hut. The company now employs 600 people in Ireland and 300 in the UK. Pizza Hut being an American company, this shows how US investment in Europe has helped an Irish company.

- **M. Beyer** explained we are faced today with a general critique of globalization and protectionism that comes in different forms – no longer just tariffs. Very technical issues today are becoming very political. He gave the example of his own country, Austria, which was always cautious about opening up (EU integration, EFTA…) but ultimately benefited from this as the competition these steps entailed made Austria stronger and wealthier.

- **P. Chase** underlined that the ongoing debate in the US (whether to grant TPA to President Obama) is centred on the issue of the real benefits of trade for the US as some people feel that trade is not always fair and has negatively impacted manufacturing. However, 38 million American jobs are directly dependent on exports and also on imports. He expressed his confidence in the fact that President Obama would get TPA for TPP and TTIP. Finally, in order to take out the "toxicity" of the trade debate it is necessary to continually explain how international business promotes jobs and growth.

TTIP:

- **M. Beyrer** stated this was one of the top priorities for four reasons (i) it will create jobs and growth, even if different studies show different figures (ii) it is good for consumers who will benefit from lower prices and more choice (iii) this is our chance to shape globalization (which will continue whatever we do) according to our values; otherwise it will be shaped according to other values that might be less in line with our thinking (iv) it is crucial for SMEs; it is necessary to bring more European SMEs to the transatlantic market.

- **Commissioner Malmström** emphasized that 90% of global growth is outside Europe. Our values are being put into question, and together, the EU and the US have the most qualified regulators in the world. She also stated ‘if we don’t work together and lead on standard-setting, someone else will.’

- **P. Ivory** declared that TTIP could deliver growth and innovation for Europe and the US, which is especially important as Europe is losing ground in terms of innovation. He used the example of the pharmaceutical and medical technology sectors that have driven development for SMEs in Ireland (citing an Irish company that had bought a US medical technology company). This kind of development would not happen without an agreement like TTIP.

- Asked about on how to address people who are against TTIP, **Commissioner Malmström** reiterated that never before had a trade agreement been in the public eye so much.
Transparency and inclusiveness are key principles and the Commission is doing a great deal in that respect. It has published online several EU documents relating to TTIP and increase the amount of people who have access to confidential information in the EU Parliament, as well as to reach out to as many stakeholders as possible. These kinds of efforts pay off. Member States need to reach out as well; in this regard she welcomed the Council conclusions from last week.

- **P. Chase** emphasized that trade agreements were powerful tools, mentioning that the US has 23 FTAs that account for half of its exports. He mentioned that Europe took itself for granted; EU internal market is a perfect example of how trade has driven investment, creating employment and growth. There is a need to stop saying what TTIP will not do and start talking affirmatively about what it will do. The US Chamber of Commerce understands that public procurement is a sensitive topic in the US but they would love to get rid of 'Buy American'.

- **M. Beyrer** explained that concerning ISDS, if democratic legitimate decision by States are in breach of international law and discriminates against a company, that company should be entitled to receive compensation. In order to attract investment, you needed to protect investment. In this regard, Canada could be used as a blueprint.

- **P. Ivory** stated that one of the ways to convince the public was to explain the facts of TTIP in a rational manner. When objections are part of an anti-globalization agenda, it is necessary to explain the benefits of global supply chains and tap into the belief of consumers in their future. He mentioned that the Irish government is planning to launch a study on TTIP on March 27th.

**Update of the trade strategy:**

- **Commissioner Malmström** underlined the necessity of coherence and strategic thinking in trade. The EU needs to determine its priorities bilaterally as well as how to step up multilateral trade. Trade is not only an important economic tool but also a key political tool. It is an important factor to exit poverty, if embedded in good governance, etc. Trade can be seen as pushing for a better world, i.e. on issues such as fundamental rights or child labour. The Commission is engaging with many different stakeholders in this regard.

- **M. Beyrer** explained that TTIP and CETA must be concluded and put into force. The free trade negotiation with Japan is also highly important, as well as a clear strategy for major economies like China. On the last one, Europeans need to be united in particular on the decision about granting China MES. He highlighted the importance to follow up on the implementation of FTAs and outreach to SMEs is particularly important. To this regard, Korea accounts as a good example.

- **P. Chase** stated it is always good to sit down and re-plan. In his view, the focus should be on the implementation of trade deals. It is necessary to conduct a real outreach to companies (especially SMEs) to make sure that they are taking advantage of trade deals. The follow-up of implementation was as important as signing agreements.
• **P. Ivory** emphasized the need for a new strategy; including opening bilateral negotiations as well as a holistic multilateral approach. Bali-trade facilitation could provide mechanisms to help the development of LDCs – an example of the broader societal role trade policy can have. Moreover, TTIP could set high global standards and kick off regulatory-related discussions at multilateral level.

• **J. Davis** asked the Commissioner about the publication of the TIBR that summarised the trade barriers the EU faces in third markets; is the EU doing right in opening up when others are not reciprocating? Will this be reflected on the strategy? **Commissioner Malmström** replied that the Commission publishes such reports precisely to have an account of those barriers and try to get the balance right. This is already part of the Commission's daily work.

**Resource diplomacy on energy and raw materials:**

• **CEFIC** asked what the Commission could do concerning the high important duties on feed stock the EU chemicals sector is facing. He also mentioned TTIP would be an opportunity to set standards on access to energy and feedstock, yet the US was lukewarm on this.

• **M. Beyrer** stated that for EU companies, energy is a key subject for having a level playing field; energy prices are low now but will certainly go up in the future. Energy chapters in FTAs are crucial; he cited notably the energy chapter in TTIP. In addition, resource diplomacy should be strengthened in particular with countries such as Russia. He also mentioned the raw materials case against China in which the EU and US worked together and obtained a successful outcome.

• **P. Chase** said that the US Chamber is in favour of a chapter on energy in TTIP, which would mean an automatic authorization of LNG exports from the US to the EU.