

SPEECH ON TTIP BY THE BRITISH AMBASSADOR IN PORTUGAL, JILL GALLARD

Delivered at a conference organised in Lisbon on 24 March 2014
by the European Commission office in Portugal

Introduction

Thanks for invitation (...)

I've structured my presentation around 3 main topics:

1. I'll start with UK views on TTIP and what it can do for growth and jobs, which after all is the theme for this panel
2. I will then make a few brief remarks about TTIP as a building block (to use trade policy jargon) of the wider trade policy agenda
3. And I will finish with a few thoughts about what each and everyone one of us can/must do to make TTIP a success.

I arrived in Lisbon almost 3 years ago; a few months after the bail-out programme was agreed. On the political side, Portugal and the UK actually have a similar approach to most foreign policy matters and to 'EU Growth' and economic reform too.

Free Trade is a key part of that. The EU is very good at talking about growth and jobs. Now we need it to deliver. TTIP is a really good opportunity to walk the talk.

1) TTIP

TTIP is the UK's top trade policy priority for 2014. It potentially offers the greatest economic benefits: over the long-term, TTIP could add annually as much as:

- £100bn for the EU economy (+0.5% of GDP)
- £80bn for the US economy.
- £10bn for the UK economy (0.35% of GDP)

You would expect the British to be keen on a UK-US trade deal, given that the US is our top export destination (after the rest of the EU) and the fact that the US and the UK are each others' largest

foreign investors, which results in over a million jobs in each country. In fact, because the US is already such a big market for us, the UK would benefit proportionally less than many other EU Members from TTIP. But we support it anyway. Why?

First, tariffs. Even though tariffs are already low, there are more gains to be had – if we eliminate tariffs, because of the sheer volume of trade between the EU and US – almost a third of global trade. On the other side of the Atlantic, half of all tariffs paid by US firms go to the EU, so they want it too.

But tariffs are just the start. Our analysis suggests that some 70-80 % of the economic gains are expected to come from improving the coherence between US and EU regulatory systems, so as to eliminate unnecessary rules, different standards for goods, and different approval processes. Addressing these gaps is particularly important to SMEs who find it disproportionately hard to overcome these different sets of rules.

Let me give a real live example of what I mean by this. We should start from the fact that both the US and EU have high standards. When you hire a VW in New York, you don't worry that it will be less safe than the one you drive in Lisbon. Yet the two cars have to be built with different components, tested differently, to do the same thing. By agreeing that US and EU rules are different but equally good, we would allow car companies to cut out this duplication and cost, without affecting safety.

Three other cross-cutting issues that are extremely important from the UK perspective are enhancing access to the US procurement market; reducing bureaucracy at the border; and stepping up our dialogue on intellectual property.

Of course, Portugal and the UK each have their own specific interests, in line with our respective economic structures. But there is actually a good deal of common ground between our national priorities. And both our countries have high ambitions for this partnership and were quick out of the starting blocks when it came to giving it strong political support in Europe.

Some of our objectives for TTIP should be achievable in a quick timeframe, but of course some will take longer to implement. The scale and ambition of TTIP means that both the EU and the US will need to be ready to make the political and economic case to their home audiences. And it'll be more persuasive if we can all quote ambitious and concrete proposals.

2) Global Trade – the big picture

State Secretary Bruno Maçães wrote a couple of weeks ago in *Publico* that “trade policy is at the heart of the big economic and political issues”. I couldn’t agree more. And I would add that we firmly believe that increasing trade is an essential driver of growth in the global economy – that is how we will create jobs and stimulate economic reform.

2013 was a good year for trade. It saw the first global multilateral deal for over 20 years at the WTO conference in Bali; the launch at the G8 Summit at Lough Erne of the TTIP negotiations – the biggest and most ambitious bilateral FTA in history, and of course the theme of today’s conference. We also saw bilateral deals struck between the EU and Canada, between Australia and Korea, and many others.

But 2014 can be even better:

- As well as TTIP, the prospect of a Trans Pacific Partnership deal is also taking shape, which we believe would have a hugely positive impact on a number of wider EU negotiations.
- We need to make further progress on the raft of other FTAs currently under negotiation, including with Mercosul – of which I think is fair to say Portugal and the UK are amongst the strongest supporters – and Japan.

Of course, a lot of this work will take place in Brussels. And since it was the Commission Representation who kindly invited me to be here, it’s all the more appropriate to say that we very much hope that free trade continues to be a priority for the next 5 year Commission when it takes office this November. Because although Europe has many strengths in the global economy - as its 3% trade surplus shows - we need to continue to show leadership and stay at the cutting edge of trade policy. And we need more ground-breaking initiatives like the creation of the Single Market 25 years ago.

3) Stakeholders – speak up!

The British Government will keep championing an ambitious trade agenda, not just because we think it’s good for the UK but because we think it’s good for all of us. But even though we and Portugal are both convinced of the importance of TTIP, that won’t be enough.

Because we need to make sure all stakeholders get involved. Lots of people don’t listen to politicians (dare I say). We need the business community to speak up too about how TTIP will be an engine of

growth. We need to explain to the man/woman on the street how TTIP will make their lives easier. Will Portuguese farmers be able to sell high quality olive oil or *queijo da serra* to US consumers without having to invest in different packaging and expensive product tests?

Let me draw a quick parallel with another policy area – Better Regulation. Tomorrow the Chairman of our Better Regulation Executive will be in Lisbon. The British Government has been, domestically and at European level, at the forefront of what we call the Better Regulation agenda. This is the range of measures to cut red tape, remove or improve regulations that impose unnecessary burdens on businesses, tackle bureaucracy and ensure regulation is properly implemented on the ground. Tomorrow's visit will be an opportunity to share our experience on Better Regulation with the Portuguese authorities and discuss how we can work more closely together – if you're interested I'd invite you to attend a debate we're doing at Catolica in the afternoon. I'm bringing this up as an example of how we need to include the business community to be successful. It's businesses who have to tell Governments which regulations are most burdensome; which red tape is constraining activity; where are the bottlenecks to growth. The CBI recently released a survey which showed that 60% of businesses across Europe said they would reshore their business back to Europe if there was better regulation. That's a pretty compelling statistic.

It's exactly the same for trade and for TTIP in particular! Businesses need to give politicians and civil servants the ammunition to make the case for free trade. We need to know what helps and what hinders your ability to do business all over the world. Where's the red tape and how can we reduce it? As in any other trade negotiation, there will be, on both sides of the Atlantic, defensive and offensive concerns. The former tend to be more vocal. So it's particularly important that businesses and sectors that can see the merits of TTIP – and I'm absolutely convinced that both in Portugal and in the UK these will be the vast majority – do speak up.

In June last year, at the G8 Summit in Lough Erne, PM Cameron said TTIP was “ (...) a *once-in-a-generation prize, and we are determined to seize it.*” You can all help.

Thank you.