



## **TTIP: Why Ireland needs it**

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*Dublin – Launch event, Report on Ireland and TTIP*

Ladies and gentlemen,

Thank you for inviting me to join you today.

It's an excellent time to be visiting Ireland.

In just the last month:

You've released growth figures that show that the economy grew by almost 5% last year.

You had another successful round of events around the world to promote Ireland on Saint Patrick's Day.

And you've had a great victory in the Six Nations rugby championship. I'm thinking of course of the women's team, but I gather the men didn't do badly either.

In short, things are looking up for a country that has been through some difficult times in recent years.

The same goes for much of the European Union. Growth is back in Spain and Portugal, and people are slowly, gradually finding jobs. The recession is over in Germany, France and the UK.

But for all this optimism, Europe, and Europeans do face challenges, right now and over the longer term.

First, the road back to prosperity and full employment will be long all across the continent. In this country, and most others, including my home of Sweden, too many people are out of work. 25 million in all in the EU. Europeans need government to do what is needed to put our single market on the path to prosperity.

Second, the challenge of solving a debt crisis has limited governments' freedom of action all across the continent. In many countries, that means people feel they are not getting enough from government, whether as a regulator or as a provider of services.

Third, the last few years have seen emerging economies like China continue to grow dramatically. In 2007 developing countries accounted for just over a quarter of world output. Today it is roughly 40%.

That's good news for development and for the millions of people making the journey out of poverty. But it also means that Europe has less of a say in determining the global rules of the game, on everything from human rights to food safety.

You may be wondering why I'm bringing up all of these points. We are here today to talk about the Transatlantic Trade and Investment Partnership, after all.

The answer is that TTIP is a very ambitious agreement. And it can help us deal with all of these three challenges.

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Let's start with jobs and growth.

We already know that trade is fundamental to prosperity in Europe and in Ireland.

31 million jobs in Europe depend on exports. 500,000 of them are in this country. That's 14% of the whole labour force in Europe. And a quarter of the labour force here.

And it's not just about the exports. Many jobs in Europe depend on imports too. That's because today, products are not made in one country any more. They are put together over a long series of steps that take place in different countries and regions. These global value chains make up the fabric of the global economy.

That's why 13% of the value of everything we export from Europe is actually composed of imported goods and services. In Ireland, again, the figure is bigger – over 40%. In short, we need to import if we're going to export.

This is the logic of open markets in a global economy.

It's why Ireland has prospered as an integral part of the European Single Market.

It's why Europe has prospered as a member of the World Trade Organisation.

And it's why we're now negotiating trade deals all around the world – in Asia, Africa and the Americas – with the aim of making two-thirds of Europe's trade free in the coming years. TTIP is just a part of this picture. But it's the most ambitious and economically important one.

Let me give you some examples of how this deal can benefit Ireland, if we do it right.

One of the most ambitious things about TTIP is what we aim to do on regulation. The idea is to find ways to make EU and US regulation more compatible, without diluting our protection of people or the environment.

This is going to be good for Ireland's successful medical devices industry. A good TTIP deal would lower their costs

- by aligning the data requirements for getting products approved.
- by making the systems we use for tracking and recalling medical devices compatible.
- And by having getting rid of each other's factory inspections.

Another sector where TTIP's regulatory provisions should help Ireland is electrical and electronic equipment. In TTIP...

- we want to encourage the US to use internationally agreed standards as a way of meeting their regulations.
- We want to cut the cost of checking whether products conform to US standards.
- And we want regulators to talk to each other before they set new rules to avoid unnecessary differences in the future.

The financial services sector is also very important for Ireland. The sector would benefit from a more integrated transatlantic financial market.

So would the wider economy. Because more EU-US cooperation on financial rules would boost financial stability.

One of the lessons of the 2008 financial crisis is that risks to financial stability do not respect borders. This is why governments now work more closely through the G20, for example.

TTIP can improve this cooperation. The rules agreed internationally often leave room for interpretation. If Europe and America cooperate when we implement them that will have real benefits, especially since we make up the core of the global system. TTIP could help by strengthening cooperation between EU and US financial regulators.

This afternoon I'll be visiting Fineos – a small but hugely successful Irish software company based in East Wall. They sell most of their products to the insurance industry. Better coordinated insurance regulation would make it easier for them to sell their services in the US, where they are already doing well.

And by the way, Fineos is just one of many smaller companies that are going to benefit from this deal. SMEs stand to benefit hugely from this deal because they suffer more from trade barriers than bigger firms. We often think of trade as being all about the big firms. But almost 60% of Irish exports are by SMEs.

Finally, let's not forget about tariffs. In general these are low but for some sectors, like the Irish dairy sector, they are still very significant. Cheeses face some of the highest tariffs in the US – often well over 100%. If we can lower them or eliminate them, that will benefit us all.

Irish beef exporters also face tariffs in the US by the way, when they sell outside the quota. TTIP might be able to improve things there. We are already seeing the potential of that market since the ban on Irish exports was lifted. But let me reassure you that this will remain a very sensitive product as regards our own imports.

These are just some examples. And I know the study being launched today will provide many more, as well as an overall assessment of the economic gains. I commend the government for commissioning this detailed work. It will be a vital contribution to the debate on the economics of this deal here in Ireland.

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But of course, the latin term for our species is not *homo economicus*. So we also need to talk about TTIP's impact beyond euros and cents.

The second benefit of TTIP is that it can help make cash-strapped governments more efficient, as regulators and providers of public services.

When it comes to regulation, we need to work internationally because we have a global economy. When the same products are sold all around the world, regulators all around the world are grappling with the same challenges.

And EU and US regulators are the best in the world. If they can share expertise and intelligence and rely on each other to enforce the rules...

- That means better results for citizens.

- It means cost savings for regulators.
- And if it also means helping our economy by cutting the costs of international trade, so much the better.

TTIP is about reinforcing that kind of beneficial regulatory cooperation. But we are not going to change our laws when our approaches are just too different. That's why we are not going to change our regime for genetically modified food or on hormone treated beef. And no product will be allowed on Europe's market that does not comply with our high standards.

Beyond regulation, TTIP can also help us deliver better public services like health, education or water. How? By lowering the costs of the goods and services that governments have to buy – like uniforms, furniture or medicine.

But what TTIP will not do is affect how national governments like Ireland's choose to deliver public services.

It won't force the Irish government to open public services to any new competition from private providers...

It won't force the government to privatise any public service or outsource any part of any public service...

And, it won't limit the government's freedom to change its mind about public services in the future.

And that is something the Americans fully agree with by the way. Last week Ambassador Froman, my US counterpart, and I released a joint statement making exactly these points.

I hope it will help reassure anyone who is worried.

There's one final point I want to make about TTIP and government. It's about investment protection and the arbitration mechanism known as investor-state dispute settlement.

I know that this is something that some people in Ireland are worried about. And I understand their concerns.

But let me just say three things.

First, there is a rationale to investment protection – by lowering the risks of expropriation or discrimination, it gives investors reassurance and therefore encourages them to invest, meaning more growth and jobs.

Second, we hear a lot about some cases that are very surprising, especially those involving tobacco companies. I'm as surprised by this as everyone else. But the vast majority of cases are much more straightforward, like expropriations of physical assets.

And third, and most importantly, the EU does not want the investment agreements of the past. Ireland does not have any deals like these but the other Member States have 1400 between them. And they need to be reformed. TTIP is a key step in that process.

That's why we are considering a new investment arbitration system with

- fully independent arbitrators,
- a proper appeal system,
- clear rules to prevent companies from trying to get around domestic legal systems,

- and an unambiguous statement that governments have the right to make policy in the public interest. We want a system that would not allow a successful challenge to Ireland's admirable legislation on plain packaging for tobacco products.

Because TTIP is not about weakening government, it's about using open markets and international cooperation to boost government's capacity.

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The third benefit of TTIP is to help us adapt to a world where Europe and the United States have less influence.

Predicting the future is never advisable, but two things seem clear from this vantage point. First, the world economy will be more connected, thanks to advances in technology.

That integration is going to create more and more demand for truly global rules and regulations. We already see this today. We have global standard setting bodies for almost every product you can think of, from food to cars to mobile phones. The EU has a great deal of influence on those standards. And many countries adopt EU rules because it helps them sell products in the world's largest market.

But that brings us to the second thing that seems clear. In the future, the European Union will no longer be the world's largest market. So we will have less influence, just as international rules become more important for our daily lives. So what should we do?

Ireland is a small country. I'm from a small country too. And if there's one thing that small countries understand it's the importance of alliances.

Whether within the European Union or on the world stage, we know that if you want to project your values and protect your interests you'd better have close partners that share them.

For all our differences with America, the well of our shared values is deep. Democracy, human rights, the rule of law, high standards of regulation and, of course, open markets – we agree on all of these things.

TTIP is a way for us to strengthen our partnership to better defend those values.

Ladies and gentlemen,

As you can see, this is a deal with enormous potential. But we can only fulfil that potential if we are ambitious.

That means the Commission, Member States and the European Parliament working closely together, and with the United States, to deliver results.

And it means all of us, along with representatives of civil society and the business community, engaging in a constructive public debate about what kind of results we want.

This is probably the most debated trade agreement in history, given that it's the first in the age of social media.

That's a huge opportunity to help people understand all the issues around trade. It's vital that we seize it.

I know many of you already are. I'm grateful to Minister Bruton for his hard work. And I know that the Irish business community has been very active, including by getting us the detailed input we need to negotiate the deal.

But we all have to keep up the good work and do more where we can. Even if we finish this negotiation tomorrow – and it will take a little longer than that I can tell you – we would still have a long democratic debate before taking a final decision.

So though it may be tempting to sit back and relax, it's important to keep working.

- TTIP can help us put the European and Irish economies back on track.
- It can help governments deliver the services that people want from it
- And it can help Europe adapt to one of the biggest challenges of the next century.

That's a serious project. And it merits serious effort.

Thank you very much for your attention.