## Transatlantic Trade and Investment Partnership **Position Paper**

20 May 2015

# **CEEMET CALLS FOR THE SWIFT DELIVERY OF A SUSTAINABLE** TRANSATLANTIC TRADE **AND INVESTMENT PARTNERSHIP (TTIP)**

TTIP will deliver considerable benefits in terms of improved trade, economic growth and new employment opportunities for Europe and for the metal, engineering and technologybased industries – this opportunity should not be missed.

The European manufacturing industry supports an ambitious agreement, resting on evidence-based dialogue and transparent negotiations with the aim of boosting Europe's industrial competitiveness whilst maintaining social standards.

#### Europe and the European How **Manufacturing Industry will benefit:**

CEEMET strongly supports a future Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US. It sees it as an indispensable chance to stimulate growth for European industry, to contribute to net job creation on a long-term and sustainable basis, to maximize the potential for new high-skilled jobs that meet the needs of an increasingly flexible labour market and finally, for Europe to remain competitive amidst new global economic challenges and other, competing, large-scale trade agreements.

The Agreement between the European Union and the United States offers a unique opportunity to create a new free trade area on an unprecedented scale. The EU manufacturing industry accounts for 80% of Europe's total exports worldwide and for 14% of the EU's total employment. TTIP is a chance to boost our industrial competitiveness by eliminating trade restrictions, help industry with a return to precrisis levels of growth and help contribute towards Europe's reindustrialization with the greater social benefits which this will bring.

The US is one of the largest markets for European mechanical, electrical and electronics engineering exports. In 2012, the export volume of MET products to the United States accounted for 33% of all EU exports to the US, around €160 billion. MET companies from both sides of the Atlantic agree that overcoming tariff and non-tariff barriers to trade will yield tangible cost benefits, contribute to higher levels of substantial growth and create additional employment opportunities in most industry sectors, particularly for higherskilled, better paid jobs. The reduction of customs delays and improved, harmonised product processes, standards and certification will also be particularly beneficial to SME's, who make up a crucial part of the EU manufacturing industry and are more disadvantaged by non-tariff barriers than larger companies. TTIP needs to be an inclusive design, allowing for a larger Trans-Atlantic Trade Area, benefitting also EU candidate countries and EU Customs Union participants, which are important parts of the European value chains.

# Why European Industry will support lowering standards:

Much of the criticism surrounding TTIP has been directed towards lowering and undercutting Europe's social standards. CEEMET and its

Tel.: +32 2 706 84 65

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members believe that these concerns are unfounded for the following reasons:

## **Promotion of High Social Standards**

The EU and the US both have some of the highest social standards and TTIP would set a new global model for future trade agreements that protect these existing social standards and labour rights whilst liberating global trade. Apart from improving trade, TTIP will create sustainable long term, benefits for businesses and workers within an environment of fairness by safeguarding the standards that exist in both trading partners.

The principle of territoriality will be explicitly enshrined within TTIP which will ensure that US companies operating in Europe apply the same local individual and collective labour standards as EU businesses. Furthermore, the European Commission's negotiating mandate ensures that labour and social standards are non-negotiable and will be protected by a strong sustainable development chapter within TTIP.

## **Trade and Sustainable Development Chapter**

More trade will by no means come at the expense of the protection of workers or the environment. A highly-skilled workforce, Europe's approach to high labour standards and its focus on quality, added-value goods will contribute to keeping European manufacturers competitive on a global stage. CEEMET supports the inclusion of a comprehensive sustainability chapter within the agreement, which in itself requires a defined process for compliance and adoption. The sustainability chapter will enable national governments to further tighten social standards if so desired. In order to avoid new regulation that could potentially negatively affect standards, the chapter will allow the EU and the US to exchange information sufficiently earlier to avoid new trade barriers emerging.

CEEMET also supports the Commission's objective to include an independent, conflict settlement mechanism in the sustainable development chapter - seeing CETA, the EU-Canadian Free Trade Agreement, as an international benchmark. This conflict settlement mechanism needs to contain a clear and mandatory procedure for the resolution of any complaints raised by a party and should adopt the same approach to conflict settlement as CETA.

## **Recognition of the core ILO Conventions**

The European Commission's negotiating mandate includes the requirement to capture the concept of "decent work" and ensure that the signatories to the agreement must abide by the 1998 ILO Declaration on Fundamental Principles and Rights at Work. It is equally important that the agreement does not prevent EU Member States from nationally securing or exceeding the ILO core conventions.

The position in the United States, legally complicated, and its constitutional structure is such that formal ratification of the conventions may not be achievable. However, as an ILO member state the United States is equally committed to respecting the ILO core labour standards, to promoting them and most importantly, to implementing them. Making a formal ratification of ILO core conventions a prerequisite for a successful conclusion of TTIP is therefore an unnecessary distraction.

#### **Compliance with Health and Safety Standards**

CEEMET believes that there is significant scope to rationalise both compliance and conformity assessment procedures between the US and the EU for machinery, electrical products and electronics in respect of significant health and safety risks and emissions.



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It is important that the essential safety requirements (ESR's) contained in EU product directives and equivalent requirements contained in the US OSHA workplace safety regulations offer the same standards of worker protection when the equipment is used in the workplace. It is also important that suppliers are able to self-declare conformity with regulations and international standards, except where it is agreed that specific categories of equipment involving significant risks will require third party conformity assessment.

CEEMET supports in particular the need for cooperation of the negotiation partners with international standard development organisations (i.e. ISO, IEC, ITU, CEN, CENELEC) and fostering the use of common and/or international standards, as well as lower conformity assessment costs and more significant resources being targeted on enforcement and market surveillance.

#### **Investment Protection is Indispensable**

CEEMET considers investment protection to be paramount, particularly given the current initiative of the Commission to substantially increase investment in Europe. TTIP should therefore be concluded under a framework that includes permanent, stable rules for EU-US trade that encourages US investors to enter the EU market and which protects EU investors in the US. International investors, with a choice of competing economies will not invest in Europe unless they can enjoy adequate protection which is comparable with Europe's competitors. This must include protection for intellectual property rights such as copyright and patent rights which currently offer little protection in some parts of the EU. Therefore, TTIP should not only aim at ensuring that EU investors will be protected in the US but should provide for a neutral dispute resolution mechanism in the case of conflict through a comprehensive, state of the art

investor-to-state dispute settlement (ISDS) mechanism.

Investment protection in trade agreements does not challenge the right of countries to legislate and is common in many free trade agreements, as it guarantees the right to regulate in the public interest, improving transparency by introducing clear definitions and excluding frivolous claims. ISDS may offer an investor the only source of redress where national law conflicts with their own agreement.

#### **Strong Social Dialogue**

As a Social Partner, CEEMET supports the Commission's approach to promote social dialogue and the involvement of social partners within TTIP. CEEMET underlines the importance of constructive social dialogue within a future agreement and believes that this dialogue must progress cooperatively if both workers and businesses are together to realise the benefits of a TTIP agreement.

# **Conclusion**

The EU must stick to an ambitious mandate for TTIP and ensure a relatively swift conclusion to talks. Contrary to the fear of TTIP leading to social dumping, TTIP aims at preventing exactly such a situation by introducing a comprehensive sustainable development chapter with its own conflict settlement mechanism. The European MET industry fully supports this.

A comprehensive agreement between the EU and the US will not only mean cooperation in trade and investments but also set global standards and allow Europe to stay ahead in innovation and high labour standards, which are essential for the competitiveness of industry as well as Social Europe.

Tel.: +32 2 706 84 65

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