

## **T-TIP Myths and T-TIP Realities**

**MYTH:** T-TIP negotiations are happening in secret and the agreement will be concluded out of the public eye.

**REALITY:** EU and U.S. have published their goals and objectives.

U.S. negotiating objectives for T-TIP are not a secret. Prior to launching negotiations, the United States set out its negotiating objectives in a notification to the U.S. Congress; this notification is publicly available. All along, the U.S. has regularly made information on the T-TIP negotiations publicly available and just recently published a document explaining its objectives for T-TIP. There is no secret here: please look at <http://www.ustr.gov/about-us/press-office/press-releases/2014/March/US-Objectives-US-Benefits-In-the-TTIP-a-Detailed-View>.

**MYTH:** T-TIP is undemocratic / the process lacks transparency. Why can't people vote on it?

**REALITY:** Like any negotiation, T-TIP preliminary discussions require a degree of confidentiality until negotiations are concluded.

- Before and during the negotiations, USTR and the EU Commission consult closely with all stakeholders as they negotiate an agreement that they then bring to their respective legislative bodies for discussion and a vote.
- Both sides regularly reach out to stakeholders including trade associations, consumer organizations, labor unions, industry, academia and civil society, to seek their views on aspects of the agreement.
- After negotiators have concluded negotiations of the agreement, the EU Council plus the directly-elected European Parliament will debate and then approve or reject the agreement – and the U.S. Congress will do the same.

**MYTH:** T-TIP will only benefit very large businesses.

**REALITY:** Small businesses and start-ups have much more to gain from T-TIP than big firms.

- Over 20 million companies in the European Union and 28 million companies in the United States are small and medium-sized enterprises (SMEs). SMEs have provided the majority of net new jobs in both the EU and the United States in recent decades. A key goal of T-TIP is to reduce trade barriers that can disproportionately burden SMEs, which have fewer resources to overcome them than larger firms, and unlock new transatlantic opportunities for economic growth and job creation.
- Removing tariffs levels the playing field for all businesses, but particularly helps small firms, where even a small tariff may affect the ability to make a profit on an international sale or expand distribution networks. The many small businesses that supply larger exporting firms will also benefit directly from increased exports – and more jobs.
- Non-tariff barriers, such as variations in product and procedural requirements, currently disadvantage smaller companies in selling the same product in different markets, since only larger companies can afford the costs of multiple production lines and separate compliance departments.

- Small businesses, as important generators of jobs, innovation, and economic growth in both the United States and the EU, are a significant focus of this new effort to further open the transatlantic market.
- Introducing more transparency and opportunities for greater public participation in regulatory development, in particular, will help SMEs understand plans for future EU regulations and provide a chance for timely written input and information to ensure that the interests of SMEs are not hurt. Small businesses can rarely hire local consultants or travel to Brussels to safeguard their interests. T-TIP commitments to “good regulatory practices” could fundamentally change how all small stakeholders contribute to policy development.
- In addition, T-TIP can benefit small businesses by:
  - Reducing costs by eliminating tariffs at the border. In some cases, the removal of tariffs could allow SMEs to sell their products across the Atlantic for the first time.
  - Reducing time to deliver new and innovative products that customers demand through speedier customs procedures.
  - Opening technical standards development processes to allow small firms to ensure the resulting requirements enable their products to be sold on either side of the Atlantic.
  - Reducing costs and burdens associated with duplicative or redundant testing and certification requirements.
  - Reaffirming strong protection of IPR, which is critical for innovative SMEs, and helping to combat IPR infringement to which SMEs are particularly vulnerable.
  - Increasing transparency and information for SME exporters and importers on laws and regulations affecting trade.
  - Reducing unnecessary costs and administrative delays and promoting enhanced regulatory compatibility, while continuing to achieve the levels of health, safety, and environmental protection that each side deems appropriate and meeting legitimate regulatory objectives.
- At the 4th T-TIP negotiating round in Brussels in March 2014, the United States and the EU jointly released a public document outlining T-TIP opportunities for SMEs and examples of small businesses on both sides already taking advantage of transatlantic trade. The document can be found at: <http://www.ustr.gov/sites/default/files/03142014-TTIP-opportunities-for-SMEs.pdf>

**MYTH:** T-TIP will lead to dangerous deregulation and loss of quality and safety.

**REALITY:** T-TIP will not lower EU or U.S. standards – it’s about finding ways to make our regulations more compatible and removing redundancies while achieving our same high levels of protection.

- Health, safety and environmental standards and consumer protection regulations are very strong on both sides of the Atlantic, and we are committed to maintaining these effective protections. The U.S. has a long history of consumer protection – it was and continues to be a world leader in automobile passenger safety (e.g., seatbelts, shoulder straps, and headrests) and emissions standards/air quality, medical supplies, pharmaceuticals, and scores of other industries.
- As President Obama said following the EU-US Summit in March 2014, “I have fought my entire political career and as President to strengthen consumer protections. I have no intention of signing legislation that would weaken those protections. I fought throughout my political career and am fighting as we speak to strengthen

environmental protections in the United States, so I have no interest in signing a trade agreement that weakens environmental standards. ...I guarantee you we're going to be working hard to make sure that environmental protections, consumer protections that are already in place, that those are strengthened."

- T-TIP is about finding rational, practical ways to make our systems work together more smoothly, and to reduce unnecessary divergences while preserving our high levels of protection for workers, consumers and the environment. We believe that more open, transparent and accountable systems for developing standards and regulations will better serve consumers and businesses alike.
- We've done something like this before: in 2012, the U.S. and the EU signed an agreement to mutually recognize certifications relating to "Bio" products ("organic" in the United States). For the past two years, this small but energetic industry has been growing and providing more choice to consumers because of ready access to customers on both sides of the Atlantic.

**MYTH:** T-TIP will end multilateralism and the WTO's Doha Round.

**REALITY:** Both the EU and U.S. remain committed to a multilateral approach involving as many countries as possible, as evidenced by the successful outcomes achieved at the 9th WTO Ministerial.

- In fact, regional agreements like T-TIP support and promote the development of high quality trade rules and encourage WTO Members to pursue market openings that have not yet be achieved multilaterally.

**MYTH:** T-TIP will harm developing countries and newly emerging economies.

**REALITY:** Greater compatibility and enhanced transparency regarding U.S. and EU standards and regulations will make it easier and more affordable for developing countries to sell their products on both sides of the Atlantic.

- Many of the same advantages enjoyed by SMEs will also apply to developing economies, i.e., more compatible, transparent standards and regulations, and a larger transatlantic market will also offer increased export opportunities worldwide. T-TIP is about trade creation.
- T-TIP presents the EU and the United States with a unique opportunity to influence global marketplace guidelines, quality norms, and safety criteria that benefit industries and consumers around the world.

**MYTH:** Austria's economy is doing pretty well. Why do we need something so new and untried?

**REALITY:** While the U.S./EU trade relationship is still the largest in the world - currently making up about one third of global GDP - our combined share of the global market has been shrinking. Fifteen years ago U.S./EU trade accounted for half of the world's GDP. We need to act now to ensure Transatlantic leadership on trade rules and standards that safeguard worldwide benchmarks for quality, transparency and market access.

- Half a century ago, Austria elected to tie its fate to a European-wide market economy as a founding member of the European Free Trade Area – and succeeded in securing its own economic success.

- The United States and the European Union are still the strongest players in the world economy, commanding roughly equal shares of global goods, services and trade, and currently supporting 13 million jobs on both sides of the Atlantic. Austria has been an EU leader through the recent financial crisis.
- The Transatlantic Trade and Investment Partnership would significantly deepen what is already a multitrillion-dollar economic relationship with the EU. Together we could unite nearly two-thirds of the world economy in support of open and fair economic competition.

**MYTH:** T-TIP will force Austrians to accept Genetically Modified Foods and will force Austria to abandon laws to protect the environment.

**REALITY:** The goal of T-TIP is to expand bilateral trade and investment, not to re-write laws and regulations on either side. .

- The United States, Austria and the EU have established strong systems to protect the environment. Through T-TIP, we want to expand access for trade and investment while maintaining and building on these existing protections. As President Obama said during the EU-U.S. Summit, “I fought throughout my political career and am fighting as we speak to strengthen environmental protections in the United States, so I have no interest in signing a trade agreement that weakens environmental standards.”
- That said, the United States continues to have concerns about the functioning of the EU’s regulatory system for biotech crops, and the significant trade disruptions that result from delays in approvals under existing regulation. It is important to note that the problems we see in the EU’s regulatory system don’t result from differences in our evaluation of the safety of biotech crops. Much of the undue delay in EU regulatory approvals of biotech products results from a failure to follow established timelines. We’d like to see the existing system function better.

**MYTH:** The investor-State dispute settlement mechanism (ISDS) will impose new, extra-legal conditions, requiring Austria to comply with US- or corporate diktats, overturning Austria political sovereignty.

**REALITY:** International investments are already protected by a vast network of bilateral and multilateral agreements; U.S. agreements improve upon this body of rules through numerous safeguards.

- The EU already has some 1400 bilateral agreements with countries all around the world designed to protect private investments. The basic protections these agreements provide are an important element of the rules-based international trading system, a system that benefits European and American companies, their workers, and the millions of suppliers that rely on the business opportunities that international investment creates. Austrian Economy Minister Mitterlehner recently noted that “Austria has such clauses in all of its 62 bilateral investment treaties, and Austria has never been sued by any company.”
- The United States has spent many years developing a carefully balanced approach to investment that both affords a high degree of protection to investors, and that ensures legitimate governmental regulatory interests are fully protected. Nothing in U.S. investment agreements prevents any government from adopting or maintaining non-discriminatory laws or regulations that protect the environment, health and safety, or other public interests.