

# BUSINESS PERSPECTIVES ON EUROPEAN TRADE POLICY

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# Our Global Future



- The CBI report “**Our Global Future: The business vision for a reformed EU**” asserts that 8 out of 10 British firms would vote for the UK to stay in the EU.
- The positive impact of European trade policy is one frequently cited factor why many UK businesses support EU membership.
- Companies fear that an EU exit would affect access to not just the Single Market, but also third country markets.
- It could also hit business investment, leaving the UK less competitive.
- Accessing new markets through European trade policy remains a key priority for businesses of all sizes.

# Improving global trade links

## What's next for European trade policy?

It is forecast that non-OECD countries will account for 55% of global growth from 2012 to 2025. By 2050, the **BRICs**, **Mexico** and **Indonesia** could have bigger economies than any EU country.

Our trade strategy has to reflect these growth patterns. However, we can't neglect our trade links with our key markets (Europe and US).

The EU must maximise links with **established trading partners** and **emerging markets**.



## Negotiating FTAs can help

At EU level, a dual strategy is needed. We need to deepen the Single Market and conclude major FTA negotiations with the **US** (TTIP), **Japan**, and **Canada** (CETA)...

...and boost access to emerging markets through FTAs with the likes of **Malaysia**, **Vietnam** and **Thailand**, plus secure a bilateral investment agreement with **China**.

## Where does TTIP fit into the equation?



The US is already an essential economic partner for the UK and Europe. **17.1%** of the UK's goods and services exports went to the US in 2012. However, trade obstacles remain. A successful TTIP agreement would lead to:

### An increase in exports

- EU exports to the US could increase by 28% each year.

### A boost to growth and jobs

- Breaking down barriers with our most important market will deliver growth and jobs
  - The UK economy could receive a boost of **£10 billion each year**.
  - DG Trade estimates export dependent jobs in EU could increase by **several million**.

### Progress in setting globally relevant rules and standards

- An FTA signed by the world's two biggest economies could lead to compatible approaches to **rulemaking and the development of global standards**. This will boost global trade and investment in the long term.

## What would a successful TTIP agreement look like?



### Tariff Elimination

- Tariffs between the EU and US are already low so all industrial **tariffs must be removed** upon entry into force.
  - Rules of origin must be clear and simple for companies to use.

### Services

- Measures to boost the transatlantic services economy.
  - Particularly solutions to trade and investment barriers in key services sectors, including:
    - **Aviation** (foreign ownership)
    - **Shipping** (Jones Act)
    - **Telecoms** (fair wholesale access to incumbent networks)
    - **Re-insurance** (discriminatory collateral requirements)
    - **Professional qualifications** (eligibility to take US exams)

## What would a successful TTIP agreement look like?



### Regulatory Convergence

- Tackling regulatory barriers (NTBs) to trade and investment.
  - Around **80%** of the value from TTIP will come from action here.
- Focus on duplicate regulatory requirements and unnecessary divergences in rules.
  - Must include both horizontal and sector-specific commitments.
  - Not about weakening levels of consumer protection.

### Public Procurement

- Reduced restrictions to US public procurement market
  - opening up **more contracts to European companies**.
- Tackling local content requirements.

### Customs Procedures

- Measures to make it **easier and quicker** for companies to get goods across borders.

**For TTIP to be successful, the level of ambition must be high!**

## Trade facilitation – opportunities for logistics



### TTIP can build on WTO trade facilitation deal

- **Bali agreement** in December 2013 helped set minimum standards for efficient customs procedures across the world.
- The WTO deal is expected to cut red tape at borders, with measures to improve transparency and to reduce documentation requirements.
- Level of immediate impact will depend on speed of implementation from WTO members.
- Whilst seen as a welcome step forward, and significant for the multilateral trade agenda, it is hoped that TTIP can go much further.



## Trade Facilitation in TTIP

- Traders need the fast and predictable release of goods. TTIP can help set the standards for global value chains.
- Examples of measures that TTIP could look into include:
  - Create clearer benefits for **‘trusted traders’**
    - Lock into TTIP the 2012 agreement to mutually recognise AEO and C-TPAT trusted traders.
    - Greater incentives for SMEs to take advantage of trusted trader programmes.
    - Establish account-based customs processing for trusted traders.
  - Ensure **goods are released immediately** if customs conditions are met
    - Build the WCO Guidelines for the Immediate Release of Consignments by Customs into the TTIP agreement.
  - Reach a **common “de minimis” value threshold.**
    - Benefitting both economies, particularly SMEs.