

# “Regulatory Cooperation in TTIP – Priorities for German and European Industry”



External Economic Policy

Presentation BDI/ BUSINESSEUROPE/ Representative of  
German Industry and Trade (RGIT)

Stakeholder Meeting, TTIP Negotiations, 21 May 2014

*Date*  
21 May 2014

*Page*  
1 of 3

## Who we are:

The Federation of German industries is the umbrella organization of German industry and industry-related service providers. It speaks on behalf of 37 sector associations and represents over 100,000 large, medium-sized and small enterprises with more than eight million employees.

BUSINESSEUROPE speaks and works for all-sized enterprises in 35 European countries whose national business federations are direct members.

The Representative of German Industry and Trade (RGIT) is the Washington, DC liaison office of the Federation of German Industries (BDI) and the Association of German Chambers of Commerce and Industry (DIHK) and the official voice of the German business community here in Washington.

## Introduction:

German and European Industry is a major advocate of a comprehensive and ambitious TTIP agreement. We are heavily engaged in providing proposals to the negotiators as well as in outreach activities, aimed at explaining and discussing TTIP with the larger public and the media.

Regulatory cooperation is a crucial aspect of the agreement. Studies show that the biggest economic potential lies in decreasing costs which arise from non-tariff barriers to trade. More importantly, our companies –big and small– tell us that red tape and redundant provisions and rules are the largest impediment to transatlantic trade:

- When the same facility of a medical devices producer is inspected both by a European and a US agency to test if a comparable standard is achieved,
- when a German machinery company has to produce separate components just for the US market because test procedures differ, even though the features are identical,
- and when a small or medium sized enterprise does not even enter the US market because admission, licensing and customs costs are too high,

then there is clearly room for efficiency gains for companies as well as for consumers.

**Federation  
of German Industries**  
Member Association of BUSI-  
NESSEUROPE

*Address*  
Breite Straße 29  
10178 Berlin

*Postal Address*  
11053 Berlin  
Germany

*Phone Contacts*  
Tel:+493020281421  
Fax:+493020282421

*Internet*  
[www.bdi.eu](http://www.bdi.eu)

*E-Mail*  
[F.Wendenburg@bdi.eu](mailto:F.Wendenburg@bdi.eu)

We therefore welcome that both the EU Commission and the US government have made regulatory cooperation a priority.

Principles:

Let me outline the guiding principles of European Industry in this field:

1. The regulatory chapter in TTIP should be based on a **horizontal and a sector-specific component**: If we focus just on the sectorial component, then we run the risk that future regulations will be as divergent as they are now, because we failed to implement mechanisms for improved cooperation going forward. On the other hand, if we cannot agree on sector specific improvements now, we would neglect the transatlantic proposals that have already been brought forward by industry, and we would forego substantial benefits that could be felt immediately when the agreement comes into effect.
2. The agreement should **cover major industrial sectors**, not only the ones already being considered in the negotiations (automotive, chemicals, pharmaceuticals, medical devices, cosmetics, textiles), but others that are equally important such as machinery or Information and Communication Technology. The lack of joint transatlantic proposals, resulting largely from the lack of direct EU-US counterparts on the side of industry or of regulators, should not be an excuse to exclude major sectors from sectorial agreements.
3. **TTIP must not be a race to the bottom**. Whenever we talk about harmonization, mutual recognition, and the avoidance of duplications, the pre-condition is that a comparable level of safety and health requirements as well as consumer and environmental protection exists. This is not just a priority for many citizens – it is in the genuine interest of German and European industry, as our business model relies on high-quality products. Thus, we would hurt ourselves if we compromise our high standards.
4. When we talk about a **“living agreement”**, we simply mean that regulatory cooperation will not end with the coming into force of TTIP. Regulatory cooperation will become a continuous task after TTIP comes into force. Therefore, both sides should intensify regulatory cooperation in the future, and TTIP should develop mechanisms to facilitate this cooperation. It does not mean that **regulatory autonomy and regulatory oversight** are put into question or undermined. The obligation to cooperate cannot be an obligation to agree and to reach joint results. Yet by treating ourselves as preferential partners, we should commit ourselves to cooperate when developing future regulation.
5. The recipe for a successful regulatory cooperation is trust, confidence and political will. This should be achieved by **regulator-to-regulator** dialogues. In particular, in areas where we have a transatlantic regulatory divide, the dialogue between the agencies should help to build trust and understanding why the regulatory framework is different. One example is the electronics sector where standards and standards-setting

processes vary a lot. In these cases, **harmonization of standards** is a prerequisite for mutual recognition. An ongoing regulator-to-regulator-dialogue could be a helpful platform to achieve this.

6. Other issues of importance are **transparency** and **accountability**. In general, all stakeholders should be able to provide timely comments on draft rules and impact assessments. However, increased transparency can only be achieved on a mutual basis and in a way that our constitutional restraints and the basic pillars of our legislative and regulatory systems are respected. Neither side should change the way it regulates, but TTIP should lead to a better interaction between the two. Negotiators should agree on a balanced scope regarding regulatory cooperation. If all proposals by the EU Commission were covered under regulatory cooperation, this would also include legislation, which is proposed by the Commission. In this case, a solution must be found on how to achieve cooperation for legislative bills in Congress which have a chance to succeed. Otherwise we risk that only ‘delegated’ acts will be covered under regulatory cooperation.

It is important to note that these ideas are not without precedent. Regulatory cooperation across the Atlantic has been practiced in the past, for example through the EU-US bilateral agreement on cooperation on the regulation of civil aircraft; the EU-US-Organic Equivalence Arrangement; or the mutual recognition of certificates of conformity for marine equipment. There are also examples where the US and the EU managed to uphold high standards by acting jointly vis-à-vis third countries, for instance when negotiating with China about the safety of toys and children’s’ products.

These are examples, where processes were made more efficient without resulting in a lower standard. On the contrary: High standards could be established that had an impact beyond the transatlantic market.

We encourage the negotiators to follow an ambitious approach in this field - based upon the principles I have just outlined – so that we can lower the costs for business to trade and for consumers to buy. We would make it easier for small and medium sized enterprises to engage in transatlantic trade, thus providing them the opportunity to grow and to create jobs.

We consider 2014 a crucial year for TTIP. While we agree that substance is more important than timing, timing matters. In our opinion, it is therefore important to make substantial progress on technical issues during the course of this year to ensure that the agreement can be finalized soon.

Thank you very much.