Oral Statement of Greg Slater, Intel Corporation, on behalf of the Transatlantic Business Council Before the Trade Policy Staff Committee May 30, 2013

Members of the panel, I am Greg Slater, Director of Trade and Competition Policy at Intel Corporation and U.S. Chair of the Trade Working Group of the Transatlantic Business Council (TBC). The TBC is a cross-sectorial business association representing companies headquartered in the U.S. and Canada and in the EU and EFTA countries. TBC member companies have long supported negotiation of a comprehensive and ambitious trade agreement between the US and the EU. The TBC submitted detailed comments and recommendations to the TPSC on May 10, but would like to buttress those written comments by emphasizing several points today.

First, it is no secret to this body that there has been substantial debate within the European Parliament during its period of consideration of the EU Commission's proposed negotiating mandate for TTIP. With that exercise in mind, TBC urges that both governments enter negotiations with the recommendation of the High Level Working Group on Jobs and Growth at the top of their minds; that is, the greatest mutual benefit which could come from the TTIP negotiation is to pursue as comprehensive an agreement as possible that includes "a broad range of bilateral trade and investment issues, including regulatory issues, and contributes to the development of global rules."

Second, political and private sector thought leaders on both sides of the Atlantic have spelled out in recent months the compelling economic reasons for seeking a successful TTIP agreement. We agree completely with that reasoning and strongly urge both governments to dedicate the necessary resources and political attention throughout the negotiating process in order to complete negotiations and present the final text for legislative approval in the US and EU as quickly as possible. Staggering levels of persistent unemployment demand no less, while years of trade distorting, trade discouraging, duplicative, and costly regulations in both the EU and US have undermined what could have been even greater levels of transatlantic trade and more globally competitive US and European manufacturers and service providers.

Third, confidence during the negotiating process, and certainly the US legislative approval process, require the adoption of Trade Promotion Authority (TPA) by the US Congress. As soon as the US Congress confirms President Obama's nomination of Michael Froman as the next US Trade Representative, we hope the Administration's very next step in the trade policy arena will be to heed calls by the Senate Finance Committee and the House Ways and Means Trade

Subcommittee to work with those committees in drafting and passage of the necessary TPA legislation.

Fourth, TBC's top priority for TTIP is in the area of regulatory convergence and cooperation. The TBC believes that regulatory differences, including with respect to the role of science and evidence in developing regulatory measures, in some sectors are acting as a major brake on transatlantic trade and economic growth. Lack of regulatory convergence increases costs across the range of industrial and service sectors and undermines competitiveness among actors in the value chain, ultimately leading to a poorer deal for European and US consumers.

Significant differences often exist in regulatory philosophy and the prescribed test procedures and requirements between US and EU regulations, although the intended environmental and safety outcomes can be very similar. TTIP presents an opportunity to implement a regime that effectively breaks down regulatory barriers across industrial sectors, while respecting U.S. and EU sovereignty and without sacrificing safety or environmental standards for consumers.

We recommend that the U.S. and the EU begin with areas where mutually beneficial change can be made quickly in order to build an appropriate amount of momentum going forward. It is essential that adequate resources be devoted to ensuring that any new tools or governing processes established under the initiative will be adequately supported, and a mechanism is established to facilitate regular engagement with the private sector.

As negotiators address issues across legal, regulatory, and policy frameworks, they must consider how to best coordinate approaches on both sides of the Atlantic to maximize the potential for trade opportunities, reduce unnecessary costs and administrative burdens, and enhance economic growth and societal benefit. In some cases, harmonization may be among the best approaches where it results in a compromise of positions that achieve the objectives set forth above. However, the parties recognize that harmonization may be a longer-term project.

We also recognize the benefits of regulatory approaches converging where they can embrace the best practices of facilitating trade and investment. At a minimum, there should be coherence across regulatory approaches so as not to create impediments to trade. Finally, one of the most practical approaches to bridging divides across legal, regulatory and policy frameworks is interoperability. We should be clear that this is not interoperability in the technical sense, but is rather policy interoperability, or the ability of policies to work together. This type of policy interoperability often affords shorter-term solutions to enable trade and business across regions where there is incomplete legal, policy or regulatory coherence.

As mentioned, our May 10 submission contains detailed recommendations on most issues raised in the HLWG report, but I want to make several additional quick observations before closing.

IP: TTIP provides a rare opportunity to establish high standards for intellectual property protection in a trade agreement that will govern trade and influence other negotiations for decades to come. Positive commitments regarding patents, trade secrets, trademarks, and other forms of intellectual property rights are essential elements in this regard.

Cross Border Data Flows: The transfer of information is increasingly critical in all industry sectors. There must be a clear obligation in the agreement that enables companies and their customers to (i) electronically transfer information internally or across borders; (ii) store or access publically available information; and/or (iii) access their own information stored in other countries.

Restricting international data flows as a means of protecting access to data or ensuring security is ineffective and inefficient. That approach will only slow down the expansion of trade by so many internet-dependent companies at a time when innovation in digital services, cloud services in particular, is benefitting such a variety of industries. The U.S. and EU should use TTIP to bridge differences in their approaches to privacy and cyber security without undermining data flows.

Innovation: The agreement should include a comprehensive innovation chapter which would address impediments to the freest possible exchange of ideas, capital, goods, services, and people, and create common frameworks between the U.S. and EU for programs to encourage both basic research and development and also the commercialization of new technologies. For example, current regulatory developments in the US and EU provide an opportunity to enable the promise of nanotechnologies consistent with sound environmental, health, and safety practices. Cooperation at this early stage of regulatory development would enable consistency on the two sides.

Financial Services: It is essential that the EU and the U.S. continue to coordinate and collaborate on finding the best approaches to financial markets regulation in order to drive down regulatory duplication costs for companies operating on both sides of the Atlantic. A framework for regulatory cooperation within existing forms of dialogue that take place on both a transatlantic and global basis should be the most effective way forward and should add transparency to regulatory differences and commonalities. However, TTIP provides the opportunity to improve upon the current institutional, regulatory and policy status quo on financial services. Improving dialogue to enhance compatibility between the EU and U.S. financial regulatory environment would help decrease the opportunities for regulatory arbitrage and reduce the cost of duplicative regulation as well as provide legal clarity on prudential, market infrastructure and product issues for financial market participants on both sides of the Atlantic. It would also enhance the ability of financial supervisors to effectively monitor cross-border financial markets activities.

Other Services: The large potential for further growth in services trade is hampered by regulatory restrictions on both sides of the Atlantic.   TTIP should ensure that the importance of trade and investment in services, including services that can be delivered through cross border data flows, is duly reflected in the negotiations. While the transatlantic services market is already very much integrated, there is a need to go further. TTIP should cover market access negotiations at all possible levels, including NTBs and other forms of de facto barriers to compete.

Workforce: Measures to promote short term skilled labor mobility should be included within the scope of TTIP). Labor mobility is not only a necessary component in the provision of many cross-border services. Mobility and the corresponding ability to utilize the skills and competence of employees deployed outside of their regular country of residence are critical elements of the global talent sourcing practices increasingly common within companies on both sides of the Atlantic.

I realize my time has almost expired but recommend that the TPSC carefully review the additional detailed comments and recommendations on the TBC’s May 10 submission.

Thank you.