

Engineering in TTIP lowering regulatory barriers

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Vienna, Wirtschaftskammer O., 14 June 2016

Structure

- Key example of TBTs in goods in TTIP
- TransAtlantic trade flows in engineering
- two main issues (US side), partly systemic
- the standards embroglio
- Lowering avoidable conformity ass.t costs
- TTIP's chances in lowering TBT costs

What is TTIP ?

•Market Access

- goods trade/
• customs duties

•services trade

•public procurement

•rules of origin

•Regulatory Cooperation

•regulatory coherence

•technical barriers to trade

•SPS – food safety; animal & plant health

•Specific sectors:

- chemicals ICT
- engineering medicines
- med devices text &
clot.
- vehicles

- chapeau/objectives
/principles

•Rules

- (facilitating im/ex, FDI)

•sustainable devel.

•energy & raw matls.

•customs / trade faciln.

•SMEs (no real rules)

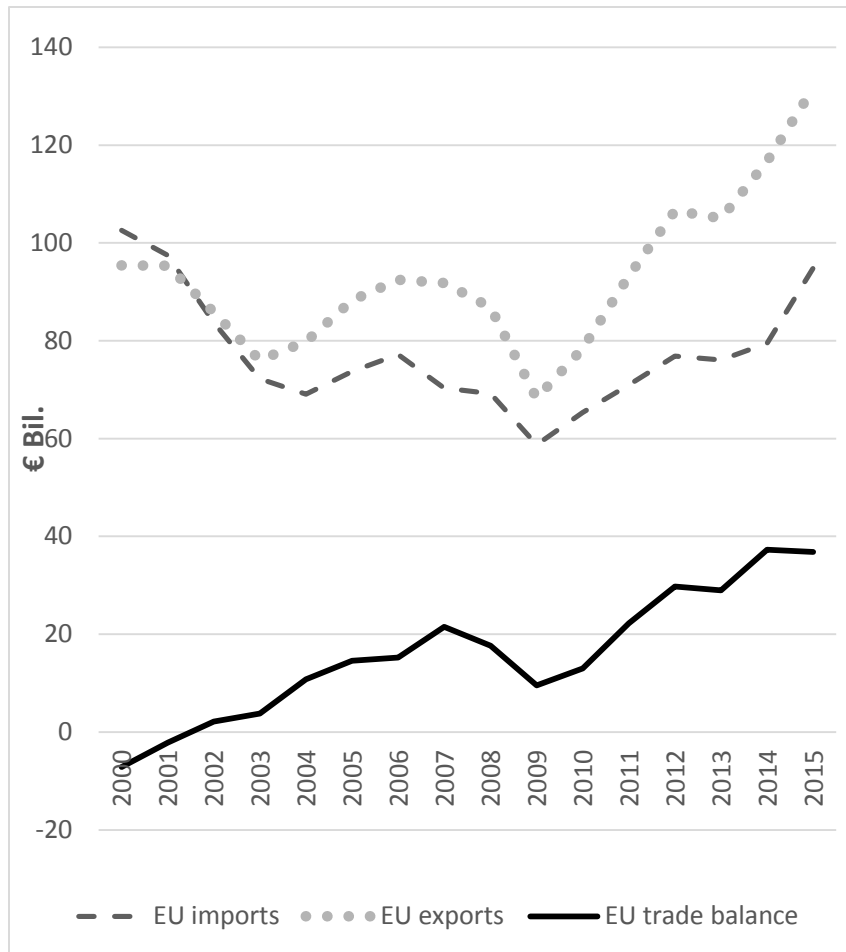
•invest. protection + ISDS

•competition rules

•IPRs & G.I.

- overall (Gov-to-Gov)
dispute settlement

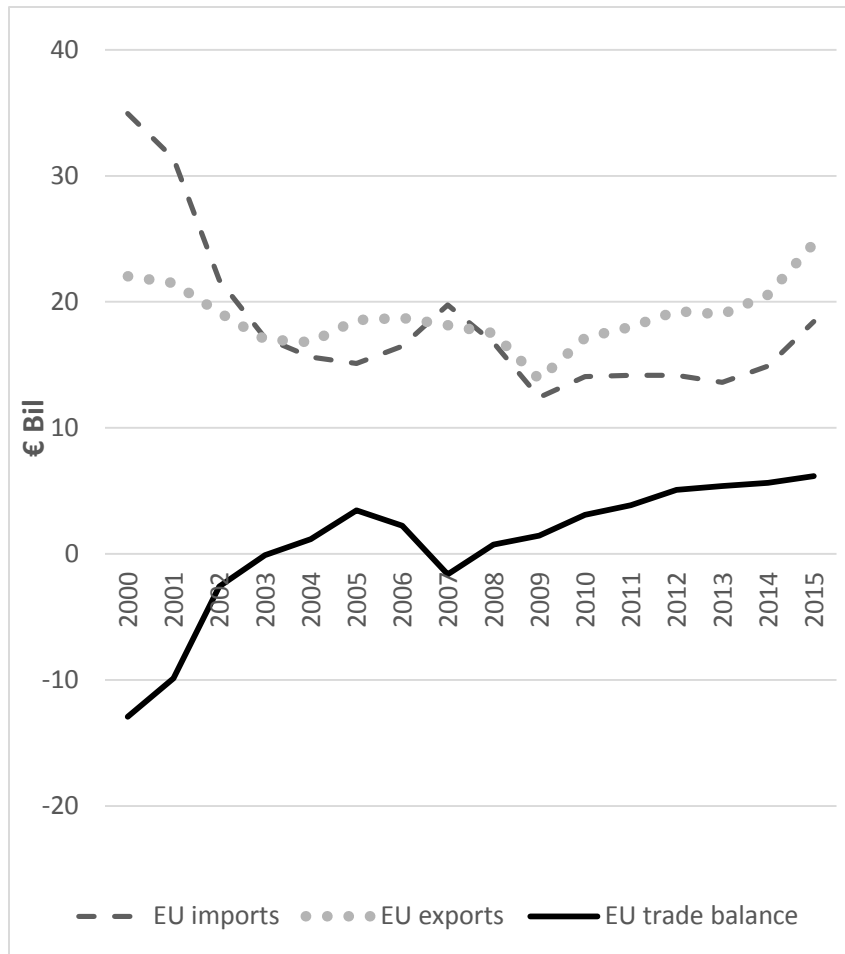
Trade with the US in various machinery (HS 84)



Major traders with the U.S.

€ million ; 2015	Imports	Exports
Germany	17,083.1	43,677.2
United Kingdom	27,860.3	20,074.7
France	15,071.1	14,129.9
Italy	4,311.0	16,148.7
Netherlands	10,253.1	8,557.2
Austria	671.0	4,920.7

Trade with the US in electrical machinery (HS 85)



Major traders with the U.S.

€ million ; 2015	Imports	Exports
Germany	4,041.1	9,142.4
United Kingdom	3,788.0	2,884.2
Netherlands	4,293.7	1,520.1
France	1,742.1	1,811.3
Italy	808.5	1,401.6
Austria	146.3	1,249.7

Two main issues, partly systemic

- 1. technical standards, for compliance with risk regulation
- 2. different methods of conformity ass.t, giving rise to a triple cost disadvantage

- Both are rooted in a divergence of
 - >>> fundamental approaches to (risk) regulation
 - >>> C. A. disciplines, i.e. lack of a common, well-tested template for Conf. Ass.t for US regulators

TTIP's standards embroglio

- Since a few decades US regulators use less and less government standards
- but 'referred' standards found in 'the' market
- The 'referred' standard becomes compulsory for SHEIC regulatory purposes (unlike in EU)
- Only rarely are US standards ISO/IEC [world] standards
- Whereas Europe (33 countries) uses standards very often identical with ISO (32+ %), IEC (74 %)
- Unlike US, new Eur standards are written with ISO/IEC
- Engineering in Europe relies heavily on ISO/IEC standards (for safety of workers); rarely works in the US

TTIP's standards embroglio (2)

- Less relevant >> quasi-ideological US defense
- i.e. standards are free in US and can even compete; wide def. of 'international standard' (based on TBT ctee)
- Decisive here is something else, never mentioned by negotiators in public
- Standards scene in US dominated by a dozen or so big, often global players [ASTM, ASME, UL, IEEE, etc.]
- They sit on a huge "installed base" of standards and have a business model living on these standards ;
- Vested interest : (a) these bodies, (b) many companies, in NAFTA, Asia, including even (some) European ones
- Switching to ISO/IEC standards massively would have **gigantic switching costs for BOTH**

TTIP's standards embroglio (3)

- This 'dozen' bodies cannot exploit their business model in Europe, however
- Given the New Approach and the systematic JOINT writing of Eur standards with ISO/IEC
- Vested interests explain why the US asserts that the EU standards system is not 'open' (US bodies are) and that mutual recognition of standards [not SHEIC] is priority
- at best half-true (see my paper) and most are ISO/IEC !
- Critical :US approach undermines single Eur standards system and by-passes again ISO/IEC (+ no gain for EU)
- TTIP could at least agree that all future US standards be written with ISO/IEC >> but....business model ???

Cost reduction of conf. asst

- For engineering, insofar as relevant for workers safety, OSHA is the US regulator
- does not recognise EU conformity assessment
- US/EU MRA of 1998 dealt with that but OSHA by-passed designation of CABs, hence no MR
- Today for EU engineering exports to US, **triple** cost disadvantage :
 - >>> SDoCs (basic to New Appr) not accepted by OSHA
 - >>> NRTLs (CABs of OSHA) not recognised by UL
 - >>> UL abuses its superdominance

Can TTIP lower avoidable TBT costs?

- Negotiations in these TBTs seem stuck
- Why? Vested interests and systemic gaps
- But some good news: domestic reforms US
- a. Updated Circular from OMB: encourages US regulators to allow (also EU) suppliers to demonstrate compliance with a standard other than the 'referred' one
- b. Updated Circular : suppliers can make the case that conformance (equivalent to US level) has already been done at home ; and conformity ass.t in US to be aligned to C.A. world standards
- c. UL : has relaxed its restrictive components acceptance programme (for level 1 products)

ERGO : TTIP 'leadership' in setting world rules for engineering ?? Not in sight yet.