

## **Policy on the trade agreement between the EU and US (TTIP)**

*Trade unions and employers in the industry support the establishment of a trade agreement between the EU and US. We believe that it strengthens Sweden's competitiveness and increases the possibility to both retain and create jobs in Sweden.*

Trade unions and employers within the industry have agreed on this policy as a contribution to the negotiations between the EU and US.

### **Introduction**

The value of free and open trade is great for Sweden as a nation and for Swedish industry. Trade unions and employers within the industry hold the position that it is the best for Sweden's economy if the trade in goods and services between countries can be developed freely. This means that the trade agreement must combat protectionism.

We think that there are strong reasons for a trade agreement between the EU and the US, among other reasons because of the stagnation in the negotiations on new multi-party agreements within the WTO. A trade agreement between the EU and the US will lead to increased trade and investments across the Atlantic, among others through expanded cooperation on international rules and standards.

However, we believe that certain restrictions are needed to protect national freedom of action and labour law. We also see a need for a free market for public procurement and for investment protection to be included into the trade agreement so that free trade would function in a good way.

### **National freedom of action**

It is important that a new trade agreement reaffirms the right to legislate and prioritise measures with regard to health, the environment, and security. We welcome the elaboration of a comprehensive sustainability chapter in the agreement which requires a defined process for compliance and follow-up. The agreement must also ensure that the process for enacting laws and to develop standards is open and does not discriminate against any party. It should be easy for legislators as well as the general public on both sides of the Atlantic to receive information on existing and future regulations. Changes that are made shall be informed clearly and their handling should be done in a manner which is in accordance with WTO principles.

A new trade agreement should include a long-term plan for how the EU and US shall coordinate sector-specific laws and standards, when it can be done without reducing current levels of requirements for health, the environment, and safety. The agreement should be written so that new sectorial agreements can simply be added to the agreements for vehicles, chemicals, cosmetics, textiles, and medical devices which are being negotiated today. The agreement should

also include forms of collaboration into new areas, such as nanotechnology, where a comprehensive regulatory framework is lacking today.

It is usual that European and American laws and standards have the same goals, but the parties use different methods and means to reach those goals. There is great potential in coordinating the regulatory framework to limit companies' extra costs, to facilitate access to new markets and at the same time to contribute to making the relatively high requirements of the EU and US with regard to health, the environment, and safety the global norm.

### **Labour law**

Free trade and increased investments shall stimulate innovation and capability for improved efficiency and shall not lead to ruthless exploitation of people.

We therefore believe that every country has the right and responsibility within the framework of the country's international commitments to decide how the labour market shall be regulated.

Trade unions and employers within industry endorse the core ILO conventions. We note that the European Commission's negotiating mandate contains wording that is intended to ensure that the agreement shall contain mechanisms which take into consideration the concept of "decent work" and thus refers to, among others, the 1998 ILO Declaration on Fundamental Principles and Rights at Work. For us, it is essential that the agreement does not prevent EU Member States to nationally secure the ILO core conventions.

### **Public procurement**

We believe that the principle of equal national treatment shall be in effect in public procurement between the EU and US. The purchaser has the right to set requirements within the context of equal and known conditions in competition. Requirements shall be clearly formulated, put directly in the tender invitation and thus not to discriminate between European and American bids.

Public procurement shall be carried out in an open manner and prevent all forms of bribery.

### **Investment protection**

We consider that a trade agreement between the EU and US shall cover strong investment protection and IPR protection such as copyright and patent law.

Today, Sweden has 67 trade agreements which all contain some form of investment protection. Investment protection in trade agreements shall not challenge the right of countries to legislate or the right to nationalize when justified by national interest. The protection, on the other hand, shall ensure that investors receive compensation if the country decides to nationalize a sector.

Moreover, the protection shall guarantee that foreign and domestic investors are treated equally. We also believe that the trade agreement shall contain a so-called dispute resolution mechanism, that is, guidelines for how any dispute between states and investors shall be resolved. In constructing the dispute resolution mechanism, special attention should be given to the possibility for small and medium-sized enterprises for legal challenges.

We consider that the dispute resolution mechanism should proceed from three important principles:

- 1) A dispute resolution mechanism does not mean that companies or private persons are given the possibility to restrict the right to legislate or change democratically made decisions as such.
- 2) Companies affected by decisions of the public which limits their possibility to conduct business should have the opportunity to get their right to compensation examined in court, in accordance with accepted principles and
- 3) Such an examination must be handled in a legal proceeding which is independent of the parties to the dispute, legally secure, fast, cost-effective, and transparent.

A trade agreement between the EU and US will serve as a model for future agreements with other parts of the world. Therefore it is very important that the agreement is comprehensive and carefully written. It will be difficult to argue in favour of a strong investment protection and robust dispute resolution mechanisms in future trade agreements if these are not included as a part of the agreement which is now being negotiated.

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### **About Swedish exports and imports**

Sweden is one of the world's most export-dependent countries. Over the last 10 years (2004-2013), Swedish export has amounted to 53 percent of GNP. In 1995, exports amounted to 40 percent and in 1970 25 percent.

With regard to trade with the U.S., export of industrial products and import of business services are the most important for the Swedish economy. A large share of imports consists of research and development services to Swedish companies which are aimed to strengthen business skills. A further opening of trade with the U.S. is expected to increase Sweden's exports to the U.S. by 17 percent

Industry is extremely important for Sweden. More than three-fourths of total Swedish exports consist of industrial goods and so-called industrial services. Industry accounts for about 20 percent of BNP and employs around one million persons, which corresponds to more than 20 percent of employment.