

Mr Karel De Gucht
Commissioner for Trade
Rue de la Loi 170
European Commission
1049 Brussels

Brussels, 5 May 2014

BEUC-X-2014-036

RE: Communication of the results of the TTIP economic impact assessment

Dear Commissioner De Gucht,

The possible effects of the Transatlantic Trade and Investment Partnership (TTIP) currently under negotiation are an important matter for public debate. It is essential that the expected consequences of an agreement are communicated clearly and in easily understandable language to Europe's citizens to enable and encourage this debate. People need to be well informed about the range of possible outcomes.

Our belief in the importance of clear communication of the consequences of a TTIP seems to be shared by the European Commission. Official statements by the Commission have repeatedly stressed the need for a fact-based dialogue.¹ In January 2014 you said yourself that the debate on TTIP should be "based on facts, not fear or hyperbole."²

Unfortunately, we have noticed that the European Commission has not communicated the results of its own economic assessment³ clearly. We would like to draw your attention to the following examples of imprecise communication by the Commission:

1. Exaggeration of the effects of the TTIP: Instead of communicating the full range of results that the Centre for European Policy Research (CEPR) study on the economic impacts of a possible TTIP delivered, the European Commission has almost exclusively used the estimates for the highest scenario, without mentioning the other scenarios also included in the study. In a recent speech, at the Swiss-American Chamber of Commerce, you said: "An ambitious TTIP will boost the prosperity of both of our economies – by about 0.5% in the EU and 0.4% in the US. And these are likely to be low estimates."⁴ Yet, the opposite is the case: the figures cited represent the high end and not the low end of the estimates from the CEPR study.

Similarly, the European Commission has stated that, "[I]n general, everybody in the EU should benefit from the TTIP – by some €545 for an average EU household"⁵, without

¹ http://trade.ec.europa.eu/doclib/docs/2014/february/tradoc_152218.pdf;

http://trade.ec.europa.eu/doclib/docs/2014/february/tradoc_152196.pdf

² http://trade.ec.europa.eu/doclib/docs/2014/january/tradoc_152075.pdf

³ <http://trade.ec.europa.eu/doclib/html/150737.htm>

⁴ http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151889.pdf

⁵ <http://ec.europa.eu/trade/policy/in-focus/ttip/questions-and-answers/>

mentioning that this number represents the highest estimate in the CEPR study. The other scenarios predict an increase in annual household income ranging between €41 and €306 by 2027.

In recent months, public reports indicate that the TTIP's ambition might not be achieved in areas such as public procurement, regulatory cooperation or even tariff reduction. This changes the scenarios drastically which we believe should be taken into account when future effects are being promoted towards the public.

2. Lacking information on the time scale: In many instances, the European Commission makes no reference to the time that it would take for the full effects (of the best case scenario) to be felt. It has even been suggested that these effects could materialise by the end of the negotiations, for example: "When negotiations are completed, this EU-US agreement would be the biggest bilateral trade deal ever negotiated – and it could add around 0.5% to the EU's annual economic output,"⁶ rather than in 2027 as predicted by CEPR. In the Q&A section of the Commission's TTIP website that is specifically written for a general public the year 2027 is not mentioned at all. Instead the Commission merely states that "[s]ome changes might be phased in over time."⁷ Without giving a clear time horizon for the expected economic growth and the additional income of "€545 for an average EU household"⁸ European citizens are left in the dark about when they can expect to feel the announced benefits.
3. Use of unsubstantiated figures regarding the job creation potential: The effects of a trade agreement on jobs are difficult to predict. The CEPR study does not include figures on changes in the total number of jobs. The study which has looked most thoroughly at employment effects expects only 400,000 jobs across Europe⁹ for the extremely ambitious single market scenario that goes beyond anything evaluated in the CEPR study. Yet, you stated in a speech in October 2013 that an agreement "would likely translate into millions of new jobs for our workers."¹⁰ It is unclear on which calculations this number is based. The European Commission itself has described the only study that predicts more than one million jobs from the TTIP (for all of Europe roughly 1.4 million jobs)¹¹ as "unreasonable" and called its estimates "unrealistically high."¹²
4. Use of obfuscating language: In many publications the Commission has used language that is very difficult to understand for lay persons and can easily create misunderstandings. For example, the sentence: "Latest estimates show that a comprehensive and ambitious agreement between the EU and the US could bring overall annual gains of 0.5% increase in GDP for the EU and a 0.4% increase in GDP for the US by 2027"¹³ is ambiguous at best. It can easily be read as if the agreement could create a yearly increase in GDP of 0.5%. This misinterpretation has indeed occurred even among government officials and renowned think tanks.¹⁴ A balanced presentation of the results would point out

⁶ <http://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>

⁷ <http://ec.europa.eu/trade/policy/in-focus/ttip/questions-and-answers/>

⁸ <http://ec.europa.eu/trade/policy/in-focus/ttip/questions-and-answers/>

⁹ www.cesifo-group.de/portal/page/portal/DocBase_Service/studien/ifo_AH_2013_TAFTA_Endbericht.pdf

¹⁰ http://trade.ec.europa.eu/doclib/docs/2013/october/tradoc_151822.pdf

¹¹ <http://www.bfna.org/sites/default/files/TTIP-GED%20study%2017June%202013.pdf>

¹² http://trade.ec.europa.eu/doclib/docs/2013/september/tradoc_151787.pdf

¹³ <http://trade.ec.europa.eu/doclib/press/index.cfm?id=869>

¹⁴ http://www.kas.de/wf/doc/kas_35204-1522-2-30.pdf?140120140307;

<http://www.debatingeurope.eu/2014/02/27/european-union-close-us/>

that the annual additional growth expected from TTIP amounts to roughly 0.05% between 2017 and 2027, and that no additional growth is expected after that.

In accordance with the European Code of Good Administrative Behaviour, civil servants are bound by public service principles including the obligation to *“carry out their functions to the best of their abilities and strive to meet the highest professional standards at all times [...] be mindful of their position of public trust and set a good example to others”*. In addition, they are required to *“be impartial, open-minded, guided by evidence, and willing to hear different viewpoints. They should be ready to acknowledge and correct mistakes.”*¹⁵

Therefore and in order to adhere to the spirit of the European Code of Good Administrative Behaviour, we believe that the European Commission should ensure greater clarity, accuracy, and fair presentation of the European Commission’s own impact assessment on the TTIP when communicating with the public about the expected effects of the TTIP, in existing and future materials.

We will be monitoring closely how the European Commission communicates on the economic impacts of the TTIP in the future hope for more clarity and precision in this matter.

Yours sincerely,

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Director, Friends of the Earth Europe

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¹⁵http://www.ombudsman.europa.eu/showResource?resourceId=1370850557353_code_2013_EN.pdf&type=pdf&download=true&lang=en