



**Mr. Karel De Gucht**  
Commissioner for Trade  
European Commission  
200, rue de la Loi  
B - 1049 Brussels  
Belgium

Brussels, 22 November 2013

**Subject: European business calls for inclusion of financial services regulatory cooperation into TTIP talks**

Dear Commissioner,

BUSINESSEUROPE and the European Services Forum (ESF) support the EU – U.S. Transatlantic Trade and Investment Partnership (TTIP) negotiations, and believe that they constitute a unique opportunity for the conclusion of a comprehensive agreement that would address a broad range of bilateral trade, regulatory and investment issues. We are pleased that the second round of talks finally took place and that Chief Negotiators from both sides reaffirmed their commitments towards an ambitious agreement.

We have already taken a position on this issue in the past but in view of the meeting of the TTIP negotiators on financial services in Brussels on 27<sup>th</sup> November 2013, we would like to reiterate, on behalf of the European industry and services sectors, our strong support to include financial services in the TTIP negotiations.

We understand that both sides agreed that the market access and national treatment issues related to financial services (e.g. non-discrimination, prohibition of quantitative restrictions, choice of corporate form) would indeed be an integral part of the TTIP. We warmly welcome the forthcoming binding of commitments already made by either party in previous trade agreements, as well as commitments that secure current level of market access in both parties. The negotiations also provide an opportunity to remove any remaining market barriers in this sector, not only related to commercial presence but also to cross-border services and other modes of supply.

There is no dispute however that the greatest potential gains from TTIP will arise from improving regulatory coordination between the US and EU markets. The Center for Economic Policy Research estimates that up to 80 percent of the economic benefit will come from reducing regulatory and other non-tariff barriers. Given the role of financial services in supporting transatlantic commerce, important gains can be realized by reducing or eliminating redundant or inconsistent financial regulations.

In our view, greater coordination of financial regulation is an indispensable part of an ambitious and comprehensive agreement between Europe and the United States. The benefit would accrue not only to the financial sector but all sectors of the economy because financial institutions supply the credit and risk management tools to facilitate all forms of transatlantic trade and investment.

Companies in all of the sectors we represent use financial services to fund their operations and mitigate risks inherent in the global marketplace. They issue securities to raise capital, provide (re-) insurance coverage to multinational companies engaging in cross-border transactions to support adequate risk

management, procure loans to finance imports and exports, and use derivatives to reduce exposure to exchange and interest rate fluctuations, etc. By improving coordination of financial regulations through TTIP, the US and the EU would reduce the cost to companies of these, and other, essential financial operations. These cost savings would therefore indirectly enable job creation and growth in many European industries – goals that are at the heart of the EU economic agenda. While the European economy is slowly recovering from recession, transatlantic regulatory coordination is one way that the EU can help ensure the continuation, and acceleration, of this trend.

We should stress the fact that the purpose of including financial services in TTIP is not to lower prudential standards or to unravel any legislation that have been taken by either party in the framework of the financial crisis, but to ensure that both EU and US financial sector reforms are implemented in compatible ways, thus enhancing their efficiency and effectiveness for market regulators and market participants alike.

We believe therefore that the existing Financial Market Regulatory Dialogue (FMRD) led by the European Commission (DG Internal Market) and the U.S. Treasury as well as the ongoing EU-US Regulatory Dialogue Project initiated by the European Commission, EIOPA, the US-National Association of Insurance Commissioners (NAIC) and the US-Federal Insurance Office (FIO) could be strengthened and supported by the inclusion of financial services within the TTIP negotiations. The inclusion of that these dialogues (run by finance officials – from US Treasury and DG Internal Market, along with their respective regulators and supervisory bodies – and not by trade officials) into the overall regulatory cooperation exercise that will be put in place by the TTIP will constitute a major opportunity for the establishment of a financial services regulatory framework that would enhance regulatory consistency and promote appropriate recognition of the respective regimes.

We consider that deeper financial services regulatory cooperation with a solid legal basis will allow the benefits of international work carried out within the G20, the Financial Stability Board, the Basel Committee, IOSCO, the IAIS, etc. to better materialize. Such improved EU-US financial services cooperation would bring a stronger voice and set an example for the rest of the world to follow, thereby advancing not impeding the goals of these international bodies. We should therefore seize this opportunity of the TTIP negotiations to reduce or eliminate unnecessary regulatory differences in financial services between Europe and the US through an ambitious agreement that reflects, and enhances, the strength and depth of the economic ties between these two markets.

We thank you for taking this European business position into consideration and remain at your disposal for any further information.

Yours sincerely,



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BUSINESSEUROPE



Pascal Kerneis  
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European Services Forum

Cc: Mr Ignacio Garcia-Bercero, Director DG Trade, EU Chief Negotiator for TTIP.