

May 8, 2015

Dear Mr. Pabriks,

As a Member of the European Parliament for Latvia and a Member of the International Trade (INTA) Committee, you have a key role to play in constructing the European Parliament's position on the negotiations for a Transatlantic Trade and Investment Partnership (TTIP) agreement between the EU and the United States.

The proposed TTIP agreement has many important implications for Latvia and for the EU. The United States and the EU remain each other's most important markets. Meanwhile, there is great potential for increased trade between Latvia and the United States. Already investment linkages between the two countries are expected to expand over the coming decade.¹ An ambitious TTIP agreement could create the conditions for further trade and investment with the United States.

The INTA Committee draft report on the TTIP negotiations by rapporteur and Committee Chair Bernd Lange is set to be voted on in Committee on 28 May, 2015 before the European Parliament as a whole casts its opinion on 9 June, 2015. AmCham Latvia welcomes the European Parliament expressing its opinion at this stage of the negotiations, and we expect that the report will contain a number of important recommendations to the European Commission that can lead to a robust agreement. On the other hand, we believe there are provisions in the current draft that necessitate review, reflected in the significant number of amendments tabled in INTA ahead of the vote. AmCham Latvia along with AmCham EU and many other AmChams in Europe would like to make the following recommendations:

Regarding Scope

AmCham Latvia supports the European Parliament's call for a **comprehensive and ambitious TTIP agreement** that would benefit business, employment and society. It is our firm conviction that the EU must confront head-on the sensitive issues essential to producing an ambitious TTIP agreement and include appropriate provisions that address the concerns of different stakeholders.

Regarding Market Access

We underscore the report's call for the **elimination of all trade tariffs** between the EU and the United States. Tariffs are already low between the two markets, but remain high for specific sectors and act as an unnecessary cost to companies seeking to compete with counterparts in emerging economies.

¹ Daniel S. Hamilton and Joseph P. Quinlan, "The Transatlantic Economy 2015", Center for Transatlantic Relations, Johns Hopkins University, 2015 (<http://cld.bz/UrBw6P>)

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To assure that TTIP is a modern 21st century agreement, TTIP should also include language enabling cross-border data flows and oppose forced data localisation requirements. The liberalisation of data flows is essential for digital trade, but also underpins various other sectors that rely increasingly on such data flows to grow and develop. We recognise the concerns that are raised over data privacy, but we believe appropriate provisions can be agreed that will guarantee that data flows will happen in accordance with data privacy rules.

AmCham Latvia underlines the importance of the call to address the discrepancies in **public procurement** that currently restrict Latvian and EU companies from US federal and state public contracts. We also agree that the EU and the United States should use TTIP to enhance cooperation in **financial regulation** and establish world-leading standards in financial services.

Regarding Non-Tariff-barriers (NTBs)

AmCham Latvia wholeheartedly supports the call for a **regulatory cooperation chapter** that promotes a competitive economic environment and maintains the EU's strict standards on areas including health, consumer protection and the environment. The European Commission estimates that 80 percent of total potential gains from TTIP will come from eliminating NTBs and these negotiations are therefore a unique opportunity to move away from decades of regulatory differences that have made it difficult for all businesses, especially SMEs.

Regarding Rules

AmCham Latvia calls on the European Parliament to support the inclusion of a strong, balanced **Investor-State Dispute Settlement** (ISDS) mechanism in TTIP. A strong ISDS provision would enable Latvian and American companies to invest in each other's markets with confidence, guaranteeing that their investments are treated fairly. Legitimate concerns have been raised by stakeholders on the working of ISDS in practice. AmCham Latvia therefore supports the EU's commitment to reform of ISDS to ensure that this provision sets a gold standard for similar instruments around the world.

In this context, AmCham Latvia reiterates the report's call for a specific **chapter on SMEs**. SMEs in the EU represent 99% of all businesses. However, they currently face significant regulatory obstacles in the transatlantic market – a recent EU survey of 900 EU SMEs found numerous costly administrative procedures that EU SMEs face when exporting to the US. These barriers are more of a deterrent for SMEs than for large firms since they perceive them as being more costly relative to their sales.

Regarding Transparency, Civil Society Involvement and Public Outreach

The European Parliament's call for greater transparency and stakeholder engagement in the negotiation process is especially welcome. The European Commission has made great progress in responding to stakeholder concerns on transparency, including through the publication of negotiating documents and through its public outreach and engagement consultations, notably on the ISDS mechanism. These efforts will help contribute to a broad and fact-based debate and lead to a more balanced agreement.

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AmCham Latvia

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Conclusion

A comprehensive approach to TTIP negotiations based on transparency, active stakeholder engagement and a commitment to high standards can produce an agreement that delivers significant long-term benefits to Latvia. Rather than risk weakening the agreement by avoiding sensitive issues, the EU must address the concerns of different stakeholders while ultimately constructing a far-reaching TTIP agreement that encourages trade, investment and growth.

AmCham Latvia looks forward to engaging with Members of the European Parliament and Latvian citizens on this matter in the coming months.

Sincerely,



Arnis Kākulis

Chairman of the Board and President

American Chamber of Commerce in Latvia (AmCham Latvia)

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