



THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP: INCREASING OPPORTUNITIES FOR THE HEALTHCARE SECTOR, IMPROVING HEALTH OUTCOMES

Alliance for Healthcare Competitiveness

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INTRODUCTION

The Alliance for Healthcare Competitiveness (AHC) is grateful for the opportunity to present comments on the Transatlantic Trade and Investment Partnership (TTIP). To introduce our organization, AHC is the only coalition advocating for the freer flow of health goods and services at the healthcare sector level, and uniquely represents the entire health ecosystem – from pharmaceuticals and devices to services, IT, logistics and more. Our group of leading healthcare companies and non-profits believes in stimulating the flow of world-class health solutions across borders and boundaries – improving lives, creating jobs and meeting the healthcare needs of a growing global population.

AHC supports TTIP and the promise it holds for the health and wellbeing of the United States and European Union – both economically and socially. In fact, the Centre for Economic Policy Research in London estimates that an agreement that eliminates tariffs and reduces regulatory barriers could boost U.S. and EU economic growth by more than \$100 billion a year, and positively impact worldwide trade and incomes. This is a critical opportunity to navigate potential complexities and align on a universal need – health – and we welcome the chance to be a resource and partner.

OPPORTUNITIES AND CHALLENGES OF HEALTHCARE TRADE

Healthcare is the fastest-growing sector of the U.S. and global economies, and a major employer and job creator, driving innovation with new medicines, devices and technologies. There is an opportunity to maximize economic growth and job creation while improving global health by promoting the delivery of health solutions across borders. Yet, persistent challenges stand in the way of better personal and economic health – something both sides of the Atlantic support – with TTIP providing an extraordinary opportunity to address and overcome them.

The healthcare sector is the largest single component of the world economy. In 2010, according to the World Bank, health accounted for almost \$7 trillion of \$63 trillion in global GDP. And over the next two decades, as our populations grow older, more affluent, and more urban, spending on healthcare will steadily rise. The healthcare sector will be one of the world's main drivers of demand, growth, scientific progress and innovation in the decades ahead.

While a key driver for economic growth and social wellbeing, there are clear challenges that remain within the healthcare arena. Among them are increased fiscal pressures given the still-lingering financial crisis; soaring demand, due to the aging population, that constrains supply; productivity challenges due, in part, to technological needs and a specialized workforce; inefficiencies in healthcare production and delivery; and lack of harmonization within a diverse group of nations.

AHC views trade policy as a key tool that can help our governments realize the opportunities and meet the challenges confronting the health sector. Doing so will require a state-of-the-art agreement that eliminates tariffs on health goods and reduces barriers to – and therefore costs of – innovation through new technologies, investment in healthcare services and infrastructure, dissemination of new medicines and devices, access to the best and most efficient health IT services, and tools to manage costs efficiently, among others.

The European Centre for International Political Economy sees the healthcare community as a “global sector that thrives on natural integration and cooperation between countries.” AHC agrees, and believes TTIP is a critical opportunity for all parties to align on realizing the potential that more open flow of health goods and services could bring for our health and the health of our economies. Better health for more people is something all parties support, and AHC encourages negotiators help the healthcare sector overcome challenges and capitalize on opportunities to achieve this end goal.

AHC PRINCIPLES FOR HEALTHCARE TRADE POLICY

AHC focuses on three broad policy goals – elimination of tariff and non-tariff barriers, regulatory transparency and coherence, and elimination of localization and investment barriers. The integrated and complex nature of the health sector requires a new approach to trade policy – one that looks holistically at the sector, continuing to address manufacturing issues and deepening the focus on services, regulatory and investment issues, and new technological opportunities.

To successfully capitalize on the potential opportunities in TTIP, negotiators will need to tackle real challenges faced by the U.S. and EU. Specific elements of trade policy must be addressed to ensure that the full breadth of the healthcare sector can expand and grow under TTIP. AHC sees the following elements as key to a successful TTIP agreement:

- **Zero tariff and zero non-tariff barriers for all segments of the healthcare ecosystem.** While tariffs in the U.S. and Europe have all but been eliminated, trade barriers between

the two sides persist. Addressing these trade barriers will vastly reduce the cost of trade across borders and increase access to healthcare. Elimination of barriers will allow manufacturers of health products to more easily deliver their goods across borders, and grant service providers increased access patients. Persistent barriers include cross-border data flows, which play an integral part in the functioning of a 21st century health system.

- **Regulatory transparency and cooperation.** A successful TTIP agreement must ensure transparent regulatory systems that offer notice and comment periods for the healthcare sector. Additionally, regulatory cooperation between the U.S. and European systems will help eliminate redundant regulatory requirements, saving unnecessary costs and speeding the process of delivering innovative health solutions to patients.
- **Inclusion of health services in the TTIP agreement.** Services are a vital part of a functioning healthcare system. Medical professionals and service providers are an integral to the efficient delivery of healthcare. The healthcare ecosystem includes insurers, express delivery companies, accreditors, designers of medical facilities, and many others that support the healthcare delivery system. TTIP should address services through a negative list, ensure that health services are not excluded from the negotiations, and remove barriers that impeded the operation of service providers.

CONCLUSION

AHC sees tremendous potential in TTIP, which will contribute to the already-robust transfer of goods and services across the Atlantic. Healthcare expenditure is expected to rise significantly over the next several decades as populations in both the U.S. and EU age and chronic diseases continue to grow as part of the overall disease burden. Through the opening of borders and elimination of barriers, both parties can help mitigate the high costs of healthcare and increase the efficiency of their systems. Ultimately, a strong TTIP agreement will help patients access the best medical solutions while reducing their time and cost burden.

AHC members applaud the U.S. and EU governments for their vision and commitment, and look forward to offering assistance and input as your work continues. We thank you for the opportunity to present our views.