

INTERNAL MARKET AND CONSUMER PROTECTION

TTIP - CHALLENGES AND OPPORTUNITIES

BACKGROUND

European Parliament's Committee on the Internal Market and Consumer Protection Committee (IMCO) is taking care of legislation oversight and scrutiny for EU rules on the free movement of goods and services, free movement of professionals, customs policy, standardisation and the economic interests of consumers.

The Committee Members work to reduce barriers to economic trade and simplify legislation to enhance competitiveness across the Single Market, while taking care for consumer interests.

The analysis in this summary focuses on one of the most important topics on the agenda of the IMCO Committee – Transatlantic Trade and Investment Partnership (TTIP) negotiations.

INSIDE

This leaflet provides a compilation of papers prepared by the European Parliament's Policy Department A: Economic and Scientific Policy in relation to the Transatlantic Trade and Investment Partnership (TTIP). To access the publication directly, please scan the QR code.



GENERAL OVERVIEW

TTIP Negotiations: Challenges and Opportunities for Europe. Sectoral Overview



The Compilation of 8 at-a-glance notes on 'TTIP: Opportunities and challenges', prepared by the Policy Department A for the Committee on Internal Market and Consumer Protection cover 8 sectors: services, public procurement, technical barriers to trade, including standards, customs and trade facilitation, consumer protection, textiles and labelling, motor vehicles and engineering, including machinery. The opportunities and challenges Europe faces with



regard to the negotiations on the Transatlantic Trade and Investment Partnership (TTIP) are examined as well as options of the TTIP from the point of view of EU offensive and defensive interests.

TTIP: Consumer Protection



This in-depth analysis examines options for regulatory cooperation in TTIP and assesses its challenges and opportunities for consumer protection. It looks at existing regulatory approaches illustrated by reference to a range of case studies drawn from other briefing papers in the TTIP series for IMCO. Based on established practice and on the Commission's recently published proposal on regulatory cooperation, the briefing eventually discusses the likely approach in the TTIP. Despite desirable opportunities, there are also significant challenges of reconciling the different regulatory philosophies ahead. In broad terms it finds that the European Parliament's regulatory powers will not be affected by the Transatlantic Trade and Investment Partnership, but suggests that the EP will need to ensure that the EP's priorities shape the TTIP regulatory cooperation agenda and not the other way around.



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TTIP: Public Procurement



In TTIP the EU has offensive interests in greater coverage of public procurement markets in the USA. Consumers stand to gain from lower prices and better use of public funds. There is an opportunity to negotiate better access for EU suppliers. EU smaller or medium sized suppliers would especially benefit from more transparent US state and city public procurement procedures. Removal of Buy America and Buy American provisions and greater transparency will open up new opportunities for key EU exporting sectors, especially at the state and city level. Persuading federal and state legislators of the benefit of such an increase in coverage of procurement rules is however, a major challenge.



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TTIP: Technical Barriers to Trade, including Standards



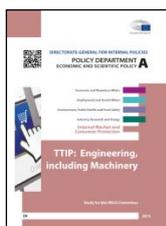
The study explores the possibilities for reducing the costs of technical barriers to trade (TBTs) between the US and the EU, found in standardisation, technical regulations and/or conformity assessment procedures and acceptance of their results. This is important for many industrial sectors but also horizontally as TBTs generally. The EU proposal is ambitious, but without a US text, feasibility is hard to assess, given that the two systems differ considerably. A preliminary attempt to construct the US demands and some partial solutions for TTIP are discussed. The 'living agreement' is critical for an effective TBT chapter and needs to be given time, as long as it is driven by an agreed ambitious objective of reducing TBTs as much as possible.



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TTIP: Engineering including Machinery



The European Engineering industry, by far the biggest exporter of goods to the U.S., suffers from a range of TBTs (Technical Barriers to Trade) when exporting to the U.S. After two decades of trying – in vain – to reduce the costs of these TBTs, TTIP should address them, yielding significant economic gains. The U.S. standards, relevant for US safety regulation, are very rarely international standards from ISO and IEC, in sharp contrast with the EU. This is costly for EU exporters. Conformity assessment issues related to OSHA requirements (US regulator) should be resolved as EU exporters suffer from a triple cost disadvantage. The U.S. insistence of ‘mutual recognition of standards’ is not a solution at all, undermining the EU single standard environment and ‘trading in’ a first best (world standard) solution for a second-best one, if not worse. Over time globalisation increases the pressure to find effective US/EU solutions.



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TTIP: Motor Vehicles



The expected effects of TTIP on the European automotive industry will be significant, but depend strongly on the scope of trade liberalisation. In the field of motor vehicles TTIP should go far beyond the degree of trade liberalization reached in previous trade agreements between the EU and other countries. Tariffs should be eliminated and also non-tariff barriers (NTBs) reduced. Regulatory cooperation to reduce NTBs is promising particularly in the automotive industry. Beside harmonisation, international standards and cooperation on new technologies, another promising approach is mutually recognition of aspects of regulation based on sound evidence of the equivalence of outcomes. However, the challenge is twofold: identifying unnecessarily trade distorting NTBs while at the same time respecting EU regulatory sovereignty, democratic legitimacy, and the high level of EU standards in passenger and environmental safety.



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TTIP: Customs and Trade



The trade costs associated with customs and other border controls become more important as tariff barriers are reduced. The EU is in the process of further modernisation of its customs code. It also needs to work with the EU’s trading partners to facilitate trade while protecting consumer interests and the security of the international supply chain.

The negotiations on TTIP offer a means of building on existing agreements to further this aim. This paper is about how to make customs more efficient. Others in this series

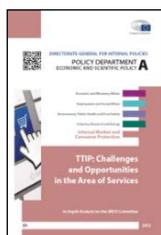
of eight, prepared by Policy Department A for the IMCO Committee, cover the substantive issues in technical barriers to trade, services, procurement and the sectors of textiles and clothing, motor vehicles and machinery sectors. A further paper covers the horizontal issues in regulatory cooperation.



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TTIP: Services



This paper was prepared by Policy Department A at the request of the European Parliament's Committee on the Internal Market and Consumer Protection. It finds that there is significant scope for the EU to benefit from freeing up of transatlantic services trade while safeguarding European values and preserving the right to regulate. Importantly, TTIP negotiation of reduced transatlantic regulatory barriers will help unify the internal EU services market, leading to significant increases in intra-EU services trade.



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TTIP: Textiles and Labelling



The paper, produced by Policy Department A for the IMCO committee, analyses opportunities and challenges of TTIP for the EU in textile and clothing (T&C). This area differs from other industrial sectors in that average tariff levels are relatively high and a number of tariff peaks still exist. It would not be difficult to negotiate the complete phase out of all tariff barriers and obtain gains for consumers and firms. A more challenging task will be to tackle the existing high level of non-tariff barriers. To be able to exploit the potential gains from trade liberalization, the challenge for EU negotiators is to enter a regulatory co-operation game with the US while maintaining the high level of health and environment protection achieved in the EU.



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