Library Briefing
Library of the European Parliament 16/05/2013

The EU-US Trade and Investment Partnership

On 13 February 2013, European Union (EU) and United States (US) leaders announced the start of procedures for the launch of negotiations on a transatlantic free trade deal. The Transatlantic Trade and Investment Partnership (TTIP) would address a broad range of issues, from the elimination of tariffs to reducing regulatory barriers and developing rules for global trade.

State of play

On 12 March 2013, the European Commission (EC) sent the Council its recommendation to start negotiations on the TTIP. The Council is expected to agree on the mandate for negotiations by June 2013. On 20 March, the US Trade Representative announced to Congress the Obama Administration's intention to start negotiations on the TTIP.

EU interest in the TTIP

Both the EU-US High-level Working Group (HLWG) on Jobs and Growth, which led exploratory work on the TTIP, and the Commission's impact assessment, favour the negotiation of a "comprehensive" and ambitious EU-US trade agreement. A TTIP, it is estimated, would bring overall annual gains of 0.5% in GDP for the EU and a 0.4% increase in GDP for the US by 2027. Overall, it could be worth around €70 billion to the world economy.

The EC's proposed mandate for negotiations (COM(2013) 136) covers: market access, regulatory standards and non-tariff barriers (NTBs), and rules for global trade. As transatlantic tariff barriers are relatively low, the TTIP should focus on removing NTBs. Some 80% of the economic gains of the TTIP are estimated to come from reducing NTBs and addressing regulatory differences, and from reciprocal market access to services and public procurement. Rules on intellectual property rights (IPR), social and environmental standards and other challenges to global trade would also be discussed.

The **main issues** the EU wants included in the negotiations are: investment liberalisation; financial services; EU access to US public procurement markets, at all administrative levels; protection of EU geographical indications (GIs); lifting US restrictions on maritime and air transport services markets; and competition, notably state subsidies.

Potential stumbling blocks

Trade in **agriculture** and agricultural products, although a small part of EU-US bilateral trade, could prove a major blockage, with the EU aiming to exempt the most sensitive products from tariff elimination/reduction. Regulatory divergence on genetically modified organisms (GMOs) and food safety (sanitary and phytosanitary issues), where the EU follows the "precautionary principle", is also problematic.

The **cultural exception** - excluding cultural and audiovisual services from the negotiations - has also become a major issue for some EU Member States. Although culture would be treated as a sensitive sector, the EC does not want to exclude it altogether, as it considers the safeguards to be enough (those in the negotiating mandate plus the unanimity rule provided for in Article 207 TFEU). US industry itself does not see market access in this sector as problematic. Exclusion of public procurement in **defence** has also been requested.

Finally, the US sees **data protection** as part of the negotiations, whereas the EU aims to keep them separate (a new EU Regulation strengthening privacy rights is under debate).

European Parliament

The EP is required to give its consent to the final trade agreement. At this stage, however, the EP is due to vote on a Resolution (rapporteur Vital Moreira, S&D, Portugal) on EU trade and investment with the US, endorsing the launch of negotiations, but calling for the exclusion of cultural and audiovisual services, including those provided online; strong protection on personal data; inclusion of rules on financial services; strong protection of IPR, including GIs; protection of the "precautionary principle"; and lifting US restrictions in maritime and air transport services.

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