



Government Response to the House of Lords  
European Union Committee's Fourteenth Report:

# **The Transatlantic Trade and Investment Partnership**

Presented to Parliament  
by the Secretary of State for Business, Innovation and Skills  
by Command of Her Majesty

July 2014



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## INTRODUCTION

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The Government would like to express its appreciation to Lord Tugendhat and the Committee for their thoughtful assessment of the opportunities and challenges presented by the Transatlantic Trade and Investment Partnership (TTIP).<sup>1</sup> We welcome the Report's recognition of the significant opportunity TTIP offers to boost employment and prosperity and reinforce the already strong relationship between Europe and the US.

We also agree that it is important for the UK – and all other EU member states and the European Commission – to continue to reach out to citizens and civil society to highlight the possible gains of TTIP while also addressing concerns and debating openly the impact such a deal will have. We need to continue to champion the importance of TTIP and the benefits it will bring. The Committee's report is an important and valuable contribution to the public debate.

In this response to the Committee's Report the Government will:

- set out the case for TTIP and the importance of the deal to the UK;
- address some of the myths and misconceptions about TTIP; and
- respond to the 43 specific recommendations and observations made in the Report.

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<sup>1</sup> The Committee's Report on TTIP is published on Parliament's website at: <http://www.parliament.uk/business/committees/committees-a-z/lords-select/eu---foreign-affairs-defence-and-development-policy-sub-committee-c/news/ttip-report-published/>

## PART ONE – WHY TTIP IS IMPORTANT TO THE UK

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### A Trade Deal With Broad Benefits

Trade and investment are central to generating strong, sustainable and balanced growth in the UK and overseas. There is already extensive two way trade and investment with the United States: the US is the UK's top export destination after the rest of the EU. In 2013, UK-US trade in goods and services was £129 billion. Around 16% of British exports went to the US in 2013. An ambitious agreement could strengthen this relationship adding as much as **£10 billion annually to the UK economy**<sup>2</sup> in the long-term. For individuals, this means more jobs and reduced prices for goods and services.

*...there is no more powerful way to achieve that [economic growth] than by boosting trade. And there's no better way than by launching these negotiations on a landmark deal between the European Union and the United States of America; a deal that could add as much as £100 billion to the EU economy, £80 billion to the US economy and as much as £85 billion to the rest of the world.*

*Prime Minister David Cameron, 17 June 2013 at the G8 Summit in Lough Erne*

TTIP should not only eliminate substantially all tariffs, but also provide better access to markets and drive regulatory coherence across the Atlantic. TTIP differs from previous Free Trade Agreements as over half of the projected benefits will come from reduced bureaucracy and greater regulatory coherence.

The UK Government, the Commission President and President Obama have all emphasised that TTIP is not about lowering standards but, where possible, aligning or mutually recognising different standards with similar intents. There have been previous efforts to improve transatlantic regulatory coherence. For example, in 1998 the EU and US agreed non-binding 'Mutual Recognition Agreements' (MRAs) that recognised each other's inspection, testing, and certification requirements covering nearly \$50 billion in transatlantic trade in: medical devices, pharmaceuticals, recreational craft, telecommunications, electromagnetic compatibility (EMC), and electrical equipment.<sup>3</sup> In practice the benefits of these MRAs and other efforts at transatlantic regulatory cooperation have been fewer than hoped. The level of

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<sup>2</sup> BIS commissioned study by the Centre for Economic Policy Research (CEPR)

<https://www.gov.uk/government/publications/trade-and-investment-agreement-between-eu-and-usa-estimated-impact-on-uk>

<sup>3</sup> *International Trade Meets Domestic Regulation: Negotiating the U.S.-EU Mutual Recognition Agreements*, Charan Devereaux for Robert Lawrence and Michael Watkins, Kennedy School of Government, Harvard University, 2002. [http://www.hks.harvard.edu/m-rcbg/Events/Papers/RPP\\_2-6-03\\_Devereaux.pdf](http://www.hks.harvard.edu/m-rcbg/Events/Papers/RPP_2-6-03_Devereaux.pdf)

ambition now being aimed for under TTIP represents new territory for a major international trade agreement.

Some civil society groups wrongly describe the benefits of TTIP as being purely for big corporations. However, it is actually smaller companies which do not have the financial, legal and other resources to cope with regulatory differences and other barriers to trade, and tend not to export, that should disproportionately benefit.

Darren Buttle, Managing Director of furniture manufacturer **ABF Europe**, based in Wetherby, has told us: “We have an existing presence in Pennsylvania targeting seventy million people within a 3½ hour drive. Of course we’re looking to expand, and so any reduction in trade barriers is going to be healthy.”

Claire McGovern, financial controller of London-based Savile Row tailors **Huntsman**, told us: “Our skill is making suits and 30% of our market is in the US. We need more simplicity and less bureaucracy.”

Scott Dunn of Chaucer Logistics, based in Essex, has had offices in the US for seven years. He said: “I look forward to an increase in the flow of produce between the two countries.”

There is also a substantial gain for consumers. A report for the European Commission estimated a potential gain of up to €545<sup>4</sup> for an average family of four each and every year, highlighting the opportunity of this agreement to help with the cost of living by lowering prices and also providing more choice for consumers.

The agreement can also benefit other countries by increasing global growth and allowing businesses who want to export to both the EU and US to comply with a simpler set of standards and testing procedures.

## Civil Society Concerns

The Government recognises that while TTIP can potentially bring huge benefits, there have been concerns expressed about its impact on regulatory standards, the Government’s right to regulate, and public services.

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<sup>4</sup> Study for the European Commission by the Centre for Economic Policy Research published at <http://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>

## Upholding regulatory standards

As stated above, TTIP will not erode the regulatory standards in the EU or the US. Both the EU and US are publicly committed to maintaining high standards. TTIP provides a good opportunity to take stock of existing rules on both sides of the Atlantic and remove any unnecessary bureaucracy and regulatory duplication. This will be done without lowering environmental, labour or consumer safety standards, nor affecting the right of governments to regulate in the public interest. Duplication costs businesses and consumers money but it does not in itself offer any additional protections.

## Upholding Governments' right to regulate

Some of the concerns raised about TTIP relate to how the inclusion of investment protection and investor-state dispute settlement (ISDS) provisions might affect a state's right to regulate. These provisions, which help create a positive investment climate, are not new. Investment provisions afford investors protections against discriminatory actions by the host state. These provisions often also include ISDS provisions which provide the mechanism for foreign investors to initiate dispute settlement proceedings against a state if they consider it has acted in breach of the investment provisions. Both help provide investors with confidence when investing, ensuring that they have a right to redress and compensation if a host country has acted unfairly.

Since 1975 the UK has signed over 90 Bilateral Investment Treaties, the majority of which include ISDS provisions. These agreements have not undermined the UK's ability to regulate in the public interest. To date, there has not been a single successful case brought against the UK under these treaties.

The impact of both investment and ISDS provisions in TTIP will depend on their particular wording. We are clear that investment provisions in TTIP must strike the right balance between protecting investors against unfair treatment and protecting the host nation's right to regulate and determine policy in the public interest. We are working closely with the EU to help get this balance right.

The Government is listening carefully to concerns raised by stakeholders and the public. We support the European Commission's public consultation on the issue. Whilst some of the concerns about ISDS appear to be based on misunderstandings of ISDS clauses, the Government wants to make ISDS in TTIP more transparent, and to investigate ways to weed out spurious claims sooner.

We believe it is in the UK's interest to create modern investment provisions in TTIP to both encourage investment and create a model for future trade and investment agreements with other countries.

## Public services

There have also been concerns expressed that TTIP will have a detrimental impact on how the UK provides public services. The UK has already undertaken some long-standing commitments at the multilateral level in terms of access to the health sector

through the General Agreement on Trade in Services (GATS). These agreements have been in place for almost 20 years. The UK's objective in Free Trade Agreement negotiations, including TTIP, is to maintain commitments in public services that are broadly in line with our existing obligations under GATS. The UK and other member states have made it clear to the European Commission that it should be for member states to decide whether or not to open up public services to competition. This is the approach that the Commission is taking.

## **Making the case for TTIP**

The Department for Business, Innovation and Skills (BIS) is making the case for TTIP. BIS holds regular meetings with stakeholders representing a number of business associations, the TUC and consumers, as well as Non-Governmental Organisations. It has also organised sectoral roundtable events and supported national roadshows organised by BritishAmerican Business.

As negotiations become more substantive, BIS will increase the range, frequency and reach of our engagement activities. This will involve more stakeholder events, press and digital engagement, and dissemination of accurate, user-friendly information to explain the potential benefits of TTIP and dispel misconceptions.

## **Timescale of negotiations**

There have now been five rounds of TTIP negotiations. Our assessment is that negotiations are making reasonable headway. Following initial discussions about the format of negotiations and level of ambition, they are understandably becoming more difficult as the negotiators get into the technical substance, and as the EU's and US's priorities become clearer. However, the UK along with the Commission and US remain focused on 'breaking the back' of the negotiations by the end of 2014, with the goal of reaching a deal in 2015.



## PART 2 – MYTHS AND MISCONCEPTIONS ABOUT TTIP

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The Government agrees with the Committee's recommendation that it is important that the Commission and member states continue to reach out to citizens and civil society to set out the opportunities that TTIP will provide, debating openly the benefits of such a deal and countering some of the myths about it. This section addresses some of the myths and misconceptions about TTIP.

### TTIP will

- Promote growth and jobs
- Benefit small businesses
- Benefit consumers

### TTIP will not

- Lower Regulatory Standards
- Overturn UK laws
- Threaten public services

### ***The European Commission is doing deals in secret.***

Given this is a negotiation, making the EU position available publicly would jeopardise our chances of getting the best deal for the EU. The Commission has, however, consulted publicly on negotiating priorities, published 11 detailed position papers so far, reports publicly on each negotiating round and holds regular meetings with the public, and launched a public consultation on ISDS.

### ***TTIP is being agreed by a European institution which was not democratically elected.***

Any eventual agreement will have to be ratified by both the Council (governments of the EU countries) and the European Parliament, both of which are represented by democratically elected individuals. The UK Parliament also oversees the negotiations via regular updates from the Government, and any final agreement which covers matters within the UK's own competence would be subject to UK parliamentary approval.

### ***The UK can negotiate a better deal on its own with the USA.***

Negotiating as part of the EU gives us more clout in the negotiations. The US would not make the same concessions, and on the same scale, to 60 million people in the UK as it would to the 500 million in the EU's single market.

### ***TTIP will only benefit the big corporations.***

A lot of the changes we are aiming for will directly benefit consumers and small businesses. Consumers will have access to a broader choice of products, and

reducing trade tariffs will lead to cheaper goods. The average benefit for a family of four is estimated at around £400 per year.

Small businesses also stand to benefit from TTIP. The Federation of Small Business, for example, have called TTIP “a land of opportunity”. Tariffs could be abolished and customs paperwork reduced. In many regulatory areas, the EU and US take very different approaches to achieve the same end. More coherent regulatory systems and reducing duplication means companies will not need two different systems in place to show that their products meet both EU and US standards. This will reduce export costs and particularly help smaller businesses to break into the US market, as well as benefitting consumers as these savings are passed on.

***TTIP will let GM foods and hormone beef from the USA flood our supermarket shelves.***

Neither the EU nor US are seeking to lower standards through TTIP. We have not authorised the EU to agree to anything in TTIP which lowers legal standards of food safety. TTIP should make it easier to export food from the US to Europe, but only for those American farmers who can demonstrate that they conform to EU standards. For example, the EU has already agreed a quota and process under which US hormone-free beef can be exported to Europe, the aim being that consumers will have more choice and pay less – without food safety standards being compromised.

***TTIP will decrease environmental standards.***

The high environmental standards and targets which we have in place are not on the table. Neither the EU nor the US will agree to current levels of protection being reduced. The EU’s position on TTIP will also be informed by an independent Sustainability Impact Assessment. This includes an analysis of any potential environmental impacts of TTIP and any recommendations on further measures to minimise the effects of TTIP on the environment. Any changes to particular regulatory standards would have to be implemented following the usual consultation and legislative processes.

***UK sovereignty will be threatened by a deal on TTIP. Big corporations will be able to use investment protection provisions to overturn UK laws.***

The EU has made it clear that the right of national governments to regulate would be explicitly protected in TTIP. The investor-state dispute settlement (ISDS) provisions being discussed will not be able to overturn laws. The ISDS mechanism would allow US investors to seek damages if they felt the UK government had discriminated against them or expropriated an investment without due compensation. US (and UK) investors can already pursue similar claims in the UK domestic courts. The UK’s aim in TTIP is to get provisions which protect our investors from discriminatory treatment in the US, but safeguard the Government’s right to make UK policy in the public interest. The UK already has over 90 Bilateral Investment Treaties in place, the majority of which contain an ISDS mechanism and to date has never lost a case brought under these treaties.

The Commission acknowledges the public concern about investment provisions and the rights of government to regulate and has launched a public consultation on how to get the balance right. The outcome of this consultation will inform the UK and EU position.

***TTIP opens the door to privatisation of the NHS.***

TTIP will not change the way that the NHS or other public services are run. This is a decision for the UK Government to take and the Government is clear that access to NHS services should be based on patients' needs, not the ability to pay. Local NHS commissioners will remain in charge of deciding who should provide services in the best interests of patients.

## PART 3 – GOVERNMENT RESPONSE TO THE REPORT’S RECOMMENDATIONS AND OBSERVATIONS

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The Committee made 43 specific recommendations and observations in its Report. The Government’s response to each of these points is set out below.

### Chapter 2: The Purpose of the TTIP

#### JOBS AND GROWTH

***By analogy with the Single Market programme to which a number of our witnesses have likened the initiative, we judge that a Transatlantic Trade and Investment Partnership has the potential to deliver substantial economic benefits to both parties. (Paragraph 33)***

We agree that an ambitious TTIP has the potential to deliver significant economic benefits.

***We recognise that the potential economic benefits—and costs—of a trade and investment treaty between the United States and the European Union are difficult to predict with any certainty while negotiations are still underway. Were a Transatlantic Trade and Investment Partnership (TTIP) to be concluded, its effects would no doubt be difficult to disentangle from many other factors that influence growth and employment. We nonetheless judge that the net effect of the agreement would be to boost employment and prosperity on both sides of the Atlantic, and that neither the UK nor the EU should pass up the opportunity to reap those gains. (Paragraph 34)***

We agree that it is difficult to estimate with certainty the potential impact of trade agreements. This is why we and the Commission commissioned studies<sup>5</sup> that could provide a guide to the scale of an agreement and to which sectors were more or less likely to benefit. It was also why these studies model a range of scenarios to show the sensitivity of the potential benefits to the level of ambition. The modelling carried out for the Commission and the UK, which according to the European Parliament’s assessment uses state of the art techniques, although recognising the drawbacks

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<sup>5</sup> BIS commissioned study by the Centre for Economic Policy Research (CEPR)

<https://www.gov.uk/government/publications/trade-and-investment-agreement-between-eu-and-usa-estimated-impact-on-uk>

Study for the European Commission by the CEPR published at

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>

that even the best modelling still has, shows that there could be benefits to the EU of up to £100 billion per year. A number of other economic assessments, for example by ECORYS, CEP II and Bertelsmann, carried out using a range of techniques have also shown that TTIP could deliver substantial economic benefits. These gains will only be fully delivered, however, if the negotiations deliver our objectives: the elimination of all tariffs, opening up of public procurement markets, improvements in customs procedures and enhanced regulatory coherence and cooperation.

***We recommend that, in making the case for TTIP, the UK Government and the European Commission should deploy the headline figures from economic studies commissioned prior to the start of negotiations with extreme caution, lest they dent the credibility of an initiative that has merit in its own right. (Paragraph 35)***

We agree that figures from these studies should be used appropriately. For example, we have been careful to be consistent with the Commission study so as to avoid the confusion that could arise if we were to use conflicting estimates. We have also been careful to ensure that the studies we draw upon are based on plausible (if in some cases ambitious) scenarios.

Experience suggests it is necessary to provide headline figures for the potential benefits of trade agreements and that if these were not drawn from the UK and Commission studies there is a risk that they might be taken from other, potentially less plausible, studies.

***In our view, GDP figures beginning with zero and household income gains that would not materialise in full until 2027 will not win hearts and minds, even if they are substantive effects. The traditional political hurdle for trade agreements is that potential benefits are diffuse while potential costs are concentrated, and TTIP is unlikely to be an exception. Proponents will therefore need to show that there are tangible potential gains for identifiable groups. We recommend that, as negotiations progress and the outline of a possible agreement emerges, the European Commission and the UK Government should commission more detailed analyses of the possible practical effect of tariff reductions for consumers of particular goods and services in the EU, and on the effects that TTIP may have on investment, and by extension jobs, in particular sectors and EU member states, much like the material that has already been prepared for US audiences. (Paragraph 36)***

We agree that, as the details of a possible deal fall into place, we should aim to produce further information about potential benefits for companies and people. This may require commissioning of further detailed analyses and the development of case studies.

We agree that it is important to show the tangible impacts of trade agreements. Careful and objective economic analysis of the quantifiable benefits, for companies and people, is an important aspect of this. It is useful to supplement this with other evidence, where possible. We are actively looking at ways of doing this, in order to understand the impacts of TTIP, which may become easier as the details of a possible deal fall into place.

## **OTHER PURPOSES**

***TTIP is not just another trade deal: by virtue of the fact that the EU and US together account for nearly half of world GDP, any agreement they conclude would necessarily have ramifications for other countries and for the multilateral trading system. The initiative therefore has both a strategic dimension, and a geopolitical one. (Paragraph 73)***

We agree TTIP is a significant trade deal. EU-US trade liberalisation could potentially benefit global welfare. As TTIP is expected to boost growth in the EU and US, this will provide some additional stimulus to external trade creation and help boost exports from third countries. The combined effect of this, and other benefits for third countries, is estimated to boost their incomes by around £100 billion under an ambitious TTIP agreement.

Many reductions to non-tariff barriers would effectively benefit third countries, for example, removing unnecessary bureaucracy should have a beneficial impact for all imports not just certain markets. TTIP brings with it the opportunity to enhance bilateral trade arrangements, in particular with those countries that already have trade agreements with the EU and US. TTIP may also give added impetus to the WTO negotiations. The Trade Facilitation Agreement was agreed in Bali last December and agreement on TTIP can help deliver further progress, both by reducing transatlantic differences and encouraging third parties to support the multilateral process.

***TTIP is in our view a political as well as an economic project, not least because it could serve to revitalise and rebalance the transatlantic relationship between Europe and the United States. One of its most important legacies may be the establishment of a structured dialogue on regulatory matters between the EU and US sustained into the future, through provisions for a living agreement. (Paragraph 74)***

We agree with the Committee's assessment of the importance of a structured dialogue on regulatory matters. However, we believe that this needs to go some way beyond the existing mechanisms within the Transatlantic Economic Council. For example, we would wish to see early regulator-regulator dialogues enshrined within

TTIP. There should also be a regular on-going work programme with high level political support, and reporting on which areas were being examined, and those areas where coherence has not been possible. In addition we would want to see stakeholders, particularly SMEs, being given the opportunity to raise issues of regulatory difference, which a living agreement would need to examine and report upon progress in resolution.

***The initiative also provides the EU and US with an opportunity to set a high-standard precedent for future trade and investment agreements, and would to that extent serve a strategic purpose. We recognise that this avowed intention could prompt unease among other trading partners, but in our view it should not: agreement between the US and EU is pivotal to the progress of other multilateral initiatives, including, but not limited to, the Doha Round. Were TTIP negotiations to run aground, prospects for those other initiatives would look worse, not better. We therefore agree with Lord Green of Hurstpierpoint that a TTIP agreement should help to sustain momentum at the WTO following the Bali agreement, and help to promote China's full involvement. (Paragraph 75)***

We agree with the Committee's assessment. Pursuing bilateral trade deals is not contradictory to the pursuit of multilateral deals. We think that TTIP could help build momentum on other key trade agreements.

## **UNINTENDED CONSEQUENCES**

***The EU and US should nonetheless address concerns that TTIP could be a "closed shop" in which the world's richest economies pull up the drawbridge. We welcome the UK Government's recognition that there should be an accession process to allow third countries to participate in TTIP; that regulatory approaches adopted as part of the TTIP should be based on existing internationally agreed best practice; and that any mutual recognition of standards achieved through TTIP should be open to third countries. Provided that an eventual agreement has the right features—including those we have listed—we anticipate that the positive external effects of a TTIP agreement could outweigh any negative effects on third countries. (Paragraph 76)***

It is important that TTIP is not considered a "closed shop". The EU and US must work closely together to agree an ambitious deal rapidly. However, they must also consider during the negotiations how the deal will impact on third countries and how they might join such an agreement in the future.



There is potential for gains for developing countries if the TTIP results in greater regulatory cooperation. If there is agreement on mutual recognition of standards in TTIP, opening these principles up to third countries could greatly benefit developing country exporters. It would help them expand into new markets and reduce their costs of exporting to the EU and US as they have limited capacity to meet different standards.

***The design of a TTIP agreement will matter, and we therefore recommend that the UK Government should press its EU partners, the European Commission, and the US administration to choose design features that will allow third countries to participate in the benefits accruing through TTIP, in the same way that third countries have been able to benefit from the development of the European Single Market. (Paragraph 77)***

TTIP needs ultimately to be an open deal and should be designed with that in mind; so that others in the future would have the opportunity to join.

***We also recommend that, at a later stage in the negotiations, the UK Government and the European Commission should bring forward proposals to mitigate the possible adverse effects of changes in tariff preferences on developing countries, and to help their exporters to meet new standards. The UK Government should press for the implementation of such measures as an integral part of its approach to the initiative overall. (Paragraph 78)***

Independent research commissioned by the Department for International Development suggests the impact on developing countries would generally be limited.<sup>6</sup> This is because tariff barriers between the EU and US are already relatively low, and many developing countries already receive duty-free access, especially to the EU. The EU provides duty-free and quota-free tariffs to all Least Developed Countries and preferential access for developing countries to the EU market, through reduced tariffs under the EU's Generalised Scheme of Preferences. In addition, developing country exports generally do not compete with the EU or US in export markets, as the products they export are very different from the trade that the EU and US have with each other. We will continue to press the Commission to open up the mutual recognition of standards in TTIP to third countries, so that products meeting the rules of one partner could also be treated as meeting the rules of the other. We will also use our Aid for Trade programme to mitigate possible adverse effects.

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<sup>6</sup> The study is published at <http://r4d.dfid.gov.uk/Output/193679/Default.aspx>



***Concerns about the effect that TTIP might have on jobs, on employment rights, and on consumer protection are in our view not equally well-founded, and need to be disentangled. This is because some of those standards—for example some product safety standards—are directly under negotiation, while others—such as specific employment rights—are not. We recommend that, in making the case for TTIP, the UK Government and the European Commission articulate more clearly which areas of regulation will be under discussion, and which will not. (Paragraph 79)***

The US, EU, and the UK have been clear that TTIP negotiations will not lead to lower levels of protection. We note that there is a widespread perception that EU standards are higher than those of the US, which we believe to be a generalisation not supported by the realities of two sides who are both committed to protections, albeit often in different ways and with different emphases. For example, many consumer products in the US must be tested by third parties prior to going on sale in the US, which is not the case in the EU. We are pleased that the Commission has now published details of positions in various sectors, which should help to reassure concerned groups that TTIP will not lead to sweeping deregulation. The proposals coming out of the TTIP negotiations in regulatory coherence should be subject to the usual lawmaking processes in the EU, allowing for democratic oversight.

***In principle, a trade and investment treaty between the EU and US could, over time, lead to a reallocation of investment—and with it, jobs—as tariffs and non-tariff barriers are reduced or removed. Once an agreement begins to take shape, the UK Government and European Commission should therefore ensure that the likely scale and direction of such effects are carefully evaluated—as recommended in Para 36 above. (Paragraph 80)***

While trade agreements deliver significant net benefits, there will be individuals, companies and sectors that will be adversely affected by the greater competition TTIP brings. Our study shows such short run losses will be outweighed by the benefits TTIP will generate. With many of the changes likely to occur in the long-term, there should be time for companies and individuals to adjust to the challenges and opportunities TTIP will bring.

Economic simulation and analysis show that both the EU and the US would benefit very substantially from an ambitious agreement, creating growth and jobs on both sides of the Atlantic. As the negotiations progress, we will continue to keep our economic assessment of the impact on the UK of the deal under review.

***Employment rights—on either side of the Atlantic—are not directly under negotiation as part of the TTIP. We therefore see no prospect that labour regulation in EU member states would be watered down as part of the initiative. We nonetheless urge the UK Government and European Commission to seize the opportunity presented by the sustainable development chapter of the negotiations to press the United States to ratify the International Labour Organisation's core conventions. (Paragraph 81)***

We agree with the Committee's view on labour regulations in EU member states. The position in regard of the USA is more complex. Since 1994, the United States has included labour provisions in all bilateral and regional FTAs it has negotiated. More recently, the bipartisan New Trade Policy with America (agreed in May 2007) states that specific labour provisions are to be included in FTAs, covering an obligation to adopt and maintain in the domestic legislation the ILO core labour standards as well as an obligation to effectively enforce domestic labour laws containing those standards. We therefore expect labour standards to be discussed in TTIP negotiations in particular with reference to the 1998 ILO Declaration on Fundamental Rights and Principles at Work, and the 2008 ILO Declaration on Social Justice for a Fair Globalization. However, we do not expect these discussions to cover individual implementation of ILO conventions in either the US or the EU.

Some countries - including the US and the UK - do not sign up to all of the ILO conventions. Consequently we do not believe that just because a country has not signed up to the ILO Conventions that they necessarily (a) have low labour standards and (b) that the ILO Conventions necessarily represent a universally agreed acceptance of 'good' labour standards.

In the US, there are particular issues with ratification of ILO conventions, and accordingly they have only ratified 14 of the ILO's 189 conventions. According to a 1988 Declaration of the US Senate, the United States will not ratify any ILO convention unless or until US law and practice, at the federal and in all 50 states, is in full conformity with its provisions. By necessity, the legal review process prior to ratification is complex and lengthy. However, the US contend that in the absence of formal ratification they have demonstrated that its laws and practices meet or exceed many ILO conventions and that the law is backed up by enforcement mechanisms.

***By contrast, product safety and food safety regulation are likely to be under discussion, and it is therefore vital that the UK Government and the European Parliament should be vigilant in making sure that there is no detriment to consumers and the environment from co-ordination between the EU and US. (Paragraph 82)***

TTIP presents a unique opportunity to enhance the current trading environment and deliver significant benefits for businesses and consumers. We are not looking to lower standards or regulations and will continue to work with the EU and US to ensure that this does not happen.

## Chapter 3: Content of the TTIP

### AUTOMOTIVE SECTOR

***We were warned that, when going from the objectives of the TTIP at 36,000 feet to the nuts and bolts, we would see a gap. We detect no such gap in the automotive sector. Consistent with projections that the sector may have most to gain from a TTIP agreement, the industry on both sides of the Atlantic is organised and vocal. The most striking aspect of this observation, in our view, is that other sectors appear to be considerably less mobilised, and that this sector may therefore be unrepresentative of the business community at large in terms of its engagement and advocacy of the initiative. (Paragraph 102)***

We agree. The US is an important market for European car makers, some of whom have manufacturing facilities in the US and Mexico. The EU is an equally important market for US brands, historically with locally developed and built product. The automotive industry is global with integrated supply chains. This isn't necessarily true of other sectors.

***Although we therefore see scope for other sectors to learn from the motor industry's approach to the TTIP negotiations, we anticipate that the sector will need to articulate more clearly the possible benefits for consumers from attainment of their objectives, and explain why they expect to see jobs added, rather than lost or reshuffled, if they are to build public and political support for their goals. We judge that for the largest companies with production facilities on both sides of the Atlantic those goals are primarily about reducing production costs and acquiring more flexibility on where to locate production. The extent to which this will increase trade between the EU and US will depend on a host of consequential decisions to be taken by the companies about how best to further their commercial interests. (Paragraph 103)***

We agree that a narrative on benefits to consumers is lacking. According to independent studies,<sup>7</sup> the main increase in trade flows will be from the EU to US, so it is necessary to explain how this would benefit consumers.

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<sup>7</sup> BIS commissioned study by the Centre for Economic Policy Research (CEPR)  
<https://www.gov.uk/government/publications/trade-and-investment-agreement-between-eu-and-usa-estimated-impact-on-uk>

Study for the European Commission by the CEPR published at  
<http://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>

Tariff elimination has the potential to be a factor in some of this process. But it is progress on regulatory equivalence that has the potential to deliver increased trade flows and it does this by reducing automotive companies' costs – in reducing requirements for investment and development of different systems and components. Reduction in costs should impact on the competitiveness of existing local production, securing jobs and investment (particularly for companies that do not have production facilities in North America).

***We note that the industry views TTIP as a platform from which to inject momentum into the existing multilateral process for developing Global Technical Regulations and are encouraged by this approach, which is consistent with our view that the TTIP should serve to catalyse multilateral negotiations, and not substitute for them. (Paragraph 104)***

We agree with this observation. The development of harmonised international standards will drive innovation and improve competitiveness by reducing the costs of complying with differing regulatory regimes.

***We recognise that there is merit in pursuing mutual recognition of environmental and safety standards for motor vehicles where they are assessed as producing equivalent outcomes. We nonetheless urge the UK Government and the European Commission to ensure that this only occurs where EU and US standards are genuinely equivalent, so that existing environmental and safety standards are not compromised. (Paragraph 105)***

We agree, and that is the purpose of the study underway. However, a narrative for consumers that standards are equivalent and not compromised will be needed.

## **FINANCIAL SERVICES**

***In a negotiation that is ostensibly between equals, it is in our view essential that one party should not be permitted to exclude a sector—which for these purposes includes not just the banking sector but also related industries, such as insurance—that is clearly central to both economies. We therefore judge that the EU is right to press the US on the inclusion of financial services regulatory matters in TTIP. (Paragraph 122)***

We agree. Financial services are central to the economy on both sides of the Atlantic; it is also an enabler of trade. These sectors are highly regulated, especially since the financial crisis and the majority of the potential gains lie in achieving greater regulatory coherence.

We will continue to press for the inclusion of financial services regulatory coherence, and to highlight that the objective is not to weaken protections.

***We were nonetheless struck by the vehemence of the US Administration's opposition, and found lukewarm support for the EU's stance among several of its member states. We struggled to understand what the UK Government's objectives were, and believe they must be articulated much more clearly if they are to have traction elsewhere, including among other EU member states. The shroud of secrecy around UK and EU objectives thus far has been unhelpful, and stokes unnecessary suspicion. (Paragraph 123)***

It is important to note that many of the US Administration's objections do not reflect what the EU has proposed in TTIP. We believe that if the US engages constructively with the EU, we can come up with solutions which are workable for everyone.

Member states within the EU will have different priorities in TTIP depending on the structure of their economies; it is natural for the UK to be among the most vocal supporters of an ambitious deal on financial services given its importance to our economy. However, there is also strong support from other countries, and the Commission and the Council, for the inclusion of financial services.

We agree that the EU must continue to make its strong case publicly; we are working closely with the Commission and encouraging them to do so.

***We see no threat to financial and prudential regulation from the establishment of a more effective dialogue between EU and US regulators, for the reasons set out by the Financial Conduct Authority. We nonetheless judge that the UK and the European Commission will need to build a more compelling case for why the TTIP is the right vehicle for securing that outcome. (Paragraph 124)***

We agree with the need to continue to make a compelling case on TTIP and are working with the Commission and other member states to do so.

Rather than threaten prudential regulation and financial stability, establishing closer and more effective regulatory co-operation between the world's two largest financial centres is essential to preventing the next crisis. By working together to agree more consistent rules, the EU and the US can eliminate the opportunities for regulatory arbitrage and encourage other jurisdictions to follow suit. Closer dialogues also mean that emerging risks can be spotted and addressed together.

***There is clearly widespread dissatisfaction with the Financial Markets Regulatory Dialogue (FMRD), both in terms of its capacity to deliver results and in terms of a perceived lack of transparency and accountability around discussions held in that forum. We recommend that, pending any progress that TTIP may deliver, the UK Government should press the European Commission to bring forward proposals to improve transparency around the existing process, and allow member state governments and industry to hold the Commission to account in respect of its engagement in the FMRD. (Paragraph 125)***

The European Commission has put forward proposals to enhance bilateral EU-US dialogues within TTIP. The existing mechanisms date from pre-crisis era and do not reflect the fact that every aspect of financial regulation has been upgraded in recent years, alongside the regulatory architecture on both sides of the Atlantic. Most importantly, the existing dialogues are informal, ad hoc and have no legal foundation.

The EU believes TTIP is the ideal mechanism to agree more formal dialogues which reflects the changes since the financial crisis. Regulatory coherence within the TTIP is a key goal for other sectors; it should also be a key goal for financial services. So far we have not heard a convincing case on why such an important part of the EU and US economy should be excluded from TTIP.

#### **FLAGSHIP ISSUES: PROCUREMENT**

***We concur with Commissioner De Gucht's assessment that a deal on procurement is likely to be hard-fought, not least because the EU hopes to obtain commitments from US states as well as the US federal government. The precedent set in negotiations with Canada and its provinces, and our witnesses' suggestions for steps the US federal government could take to create incentives for states to participate nonetheless demonstrate that with political will, there would be ways to attain the UK and EU's objectives. (Paragraph 137)***

We agree with the approach and ambition the European Commission has on Public Procurement. We also agree with their assessment of the lack of US interaction and engagement on Public Procurement. Public Procurement is an item of strategic importance to the EU, as such progress on UK and EU priorities of this nature are likely to be linked to progress on items of similar importance to the US, for example, access to EU agricultural markets.



***Political will on the part of the US administration and state authorities will in part hinge on the attractiveness of the reciprocal offer from the European Union. We are not persuaded that all EU member states consistently apply EU public procurement rules as diligently as could be hoped. TTIP negotiations may therefore present an opportunity to examine what the EU still needs to do to monitor and enforce the rules it has set for itself, and may to that extent help to spur the completion of the Single Market in this area. (Paragraph 138)***

The recent adoption of new and simplified EU public procurement rules should enable purchasers to follow the processes required more easily and achieve better commercial outcomes. They will also make it easier for suppliers to bid for public contracts. With more services being covered, the rules will also make a significant contribution to completing the Single Market in this area.

#### **FLAGSHIP ISSUES: AGRICULTURE**

***On GMOs, we share the Commissioner's assessment that the area for compromise with the US lies in allowing existing EU procedures for cultivation and commercialisation of GMOs to work as intended. We note that the UK is in the unusual position of being closer to the US than the EU in its stance on this issue, and judge that it therefore has an important role to play in helping the Commission to win support for such a compromise among other EU member states. (Paragraph 146)***

The Committee rightly suggests that the UK Government and US share some of the same general views on GMOs. We are both keen to see the EU approval procedures work as intended, with decisions based on the scientific evidence. The Government has consistently advocated this position in EU discussions and will continue to do so. Because the member states have polarised views on this issue it will not be easy to make significant progress in the context of TTIP. However, the Government will work with the Commission and other member states to promote a positive outcome.

***We are more pessimistic than Commissioner De Gucht about the ease with which an agreement on access for US beef products to EU markets could be reached, and note that parts of the UK industry could have difficulty in this area. We recommend that, as a possible compromise on this issue begins to take shape, the UK Government should produce a comprehensive impact assessment of the changes proposed on the UK's agriculture sector. (Paragraph 147)***

It is inevitable that TTIP will benefit some sectors more than others. Primary agriculture is one area where a deal is likely to increase the competitive pressures

facing domestic producers. The Department for Environment, Food and Rural Affairs has been assessing the impact of a potential deal on the UK's agriculture sector and will continue to work with industry stakeholders to understand both the risks and opportunities of TTIP.

### **FLAGSHIP ISSUES: GEOGRAPHICAL INDICATIONS**

***The prospects of reaching an agreement on Geographical Indications (GIs) are in our view better than Commissioner De Gucht predicted, at least insofar as the UK interest is concerned. We anticipate that, as in negotiations with Canada, protection for names potentially considered generic (parmesan, feta) will be hardest-fought. We see scope for the UK Government to attain its objectives, which mainly relate to protection for compound names, and should be correspondingly less contentious. (Paragraph 155)***

We agree that some EU-protected food names will be more sensitive than others. It is likely that the most sensitive names will be those potentially considered generic in the US. UK products such as Scotch Beef and West Country Farmhouse Cheddar should be among the less contentious names. However, the difficulty will be in convincing the US why their current trade mark system does not provide the level of protection required for these specialist terms of origin.

It is important to highlight that the EU and US already have agreements in place for certain wine and spirit drink names. For instance, the 1994 spirit drinks agreement provides protection of the Scotch Whisky Geographical Indication (GI) in the US and we will be working to ensure that this high level of protection continues. While it is possible that these successful agreements could provide a useful precedent for the TTIP negotiations, it is too early to predict the outcome for GIs.

### **FLAGSHIP ISSUES: INVESTMENT PROTECTION AND INVESTOR-STATE DISPUTE SETTLEMENT**

***We agree with those witnesses who emphasised that Investor-State Dispute Settlement (ISDS) provisions are in themselves only an enforcement mechanism: the substantive protections afforded to foreign investors in the investment chapter of a TTIP agreement would matter most. (Paragraph 167)***

Investor-State Dispute Settlement is only a legal mechanism for investors to seek redress if they consider a host nation has breached its treaty obligations regarding foreign investment. Like most other treaties protecting investment TTIP is expected to include both investment protection provisions and an ISDS mechanism. Rules on investment protection and ISDS in TTIP will need to be negotiated carefully to preserve the right of government to regulate in the public interest whilst offering international investors access to justice if they feel the treaty has been breached.



The TTIP negotiations therefore give us an opportunity to focus on how we could design modern investment provisions and ISDS provisions for future trade and investment treaties.

***We are persuaded that, as appears to have been achieved in the CETA agreement between the EU and Canada, steps can be taken to strike a better balance between affording protection to investors and the right of states to regulate, notably by defining the grounds on which claims may be brought with more precision, and allowing for binding interpretations. Measures can also be taken to improve transparency around ISDS proceedings, for example by making hearings and documents public, allowing interested third parties to make submissions, and reviewing rules around the appointment of arbitrators. We deem the "loser pays" principle particularly important, as without it all these steps can be in vain. We recognise that the European Commission is already committed to pursuing all these improvements. (Paragraph 168)***

We agree CETA paves the way for this agreement to continue to develop modern investment provisions. We are working with the European Commission to ensure that the investment provisions in TTIP improve transparency and strike an appropriate balance between protection for UK investors and safeguarding the Government's ability to regulate in the public interest. The UK played a leading role in the negotiation of the United Nations Commission for International Trade Law (UNCITRAL) Rules on Transparency in Treaty-Based Investor-State arbitration. These rules introduce a transparent approach to ISDS arbitration and we expect the Commission to push for these rules in all future treaties including TTIP. We are also keen to explore ways ISDS provisions could weed out spurious claims sooner.

***We nonetheless conclude that proponents of investment protection provisions enforced by an ISDS mechanism have yet to make a compelling case for their inclusion in TTIP or to convincingly dispel public concerns. We recognise that there may be a precedent value in their inclusion and that this may be an important consideration ahead of similar EU agreements with other countries such as China. We also recognise that for member states with an existing bilateral investment treaty with the United States, TTIP presents an opportunity to update such provisions. From the UK's perspective, however, we see two principal justifications for their inclusion: to attract more investment from the US, and to afford better protection to our investors in the US. We recognise the potential risk to UK investors in the US but judge that, to build a better case for the inclusion of investment protection provisions in TTIP, isolated cases would need to be supplemented by evidence that the UK could attract more investment from the US by signing up to such provisions. (Paragraph 169)***

We believe the investment provisions in TTIP would set a precedent for future trade deals. The EU will be more likely to secure balanced investment protection provisions in future agreements if they are developed and included in TTIP. We will strive to formulate modern investment provisions that strike the right balance between protecting investors and safeguarding the Government's ability to regulate in the public interest. We agree that TTIP also presents an opportunity to agree a consistent EU-wide approach to investment protection and should replace the existing investment protection treaties between the US and EU member states. The UK Government has for a long time attracted overseas investment and designed policy to be fair and non-discriminatory. However, investment protection and ISDS provisions in investment and trade treaties can help to create a more positive investment climate. Including modern investment provisions in TTIP will also secure additional protection for UK investors in the US against unfair or discriminatory measures by the US state or federal governments, and may therefore give them greater confidence to invest.

***We see a risk that this issue could distract from, or even derail progress on TTIP negotiations—especially in view of the hostile stance of the German government and German public. We therefore recommend that, having expressed a preference for the inclusion of ISDS provisions in an eventual agreement, the UK Government should use the Commission's consultation period to take a more proactive role in the debate before valuable momentum and public confidence are lost. We support the Government's stance on the inclusion of investment protection provisions only on condition that the EU is able to secure the same range of safeguards in an agreement with the United States as were included in the CETA agreement with Canada. Those safeguards themselves require proper explanation—a task for which we believe member states including the UK should take their share of responsibility. (Paragraph 170)***

We welcome the Committee's support for the Government's stance and agree we need to do even more, with the Commission and other EU member states, to make the case. We agree that any rules on investment protection and ISDS for TTIP will need to be negotiated carefully to preserve the right of government to regulate in the public interest whilst offering international investors access to justice if they think the treaty has been breached. We agree that we need to do more to explain investment provisions in treaties and welcome the Commission's consultation on the subject. We have published a leaflet explaining how investment protection works and are meeting regularly with stakeholders to explain further how investment provisions in treaties operate.

## Chapter 4: Securing a Deal

### TIMETABLE

***Without Trade Promotion Authority (TPA), the United States cannot make serious offers as part of the TTIP negotiations, lest they should put off the very people whose support they need to secure TPA. Although important technical progress can still be made, we anticipate that there will come a point when negotiations enter a holding pattern, and contentious issues are deferred until the US administration has secured TPA. The timetable for the latter is likely to be driven by the progress of Trans-Pacific Partnership negotiations. The TTIP initiative is therefore in danger of drifting. (Paragraph 187)***

The US administration is actively seeking Trade Promotion Authority (TPA) from the US Congress and President Obama highlighted it in his State of the Union address in January 2014. TPA will be especially important when TTIP approaches the endgame but it is not immediately necessary for negotiators to make substantive progress towards an agreement.

***The political context in the US with mid-term elections and in the EU with elections to the European Parliament and the appointment of a new Commission can also be expected to limit progress on politically difficult issues until late in 2014, or early 2015. In 2015, we anticipate that there will be a relatively narrow window of opportunity to make progress on the issues that require political capital to be spent before the US Presidential election cycle takes over ahead of 2016. Due to the hold-up over TPA, it is not yet clear that the EU and US will be in a position to seize that opportunity. (Paragraph 188)***

We agree that it is important to maintain pace in the technical negotiations so that we are ready to exploit the political window for a deal in 2015.

### LIVING AGREEMENT

***We support the establishment of a structured arrangement for future dialogue between EU and US regulators, and consider it a critical part of the long-term legacy of a TTIP agreement. We see no inherent reason why such an arrangement need be complex or why taking account of the transatlantic impact of regulation—as one factor among many—should disempower democratic institutions. (Paragraph 193)***

We agree. We believe that this arrangement should complement, rather than replace, existing democratic institutions.

## **TRANSPARENCY**

***The European Commission is in our view going to considerable lengths to improve transparency around TTIP negotiations. Both Commissioner De Gucht and Chief Negotiator Ignacio Garcia-Bercero have readily assisted us with our inquiry. In respect of the confidentiality of the negotiating mandate, we believe the Commissioner is right to point to the Council of Ministers: it is the Member States—whose decision it was to keep the negotiating mandate out of the public domain—who need to defend that decision, which we judge to be correct. (Paragraph 197)***

We agree with the Committee that the Commission is working hard on the issue of transparency, also that the decision on the mandate is one for member states. We do however recognise the point cited by AFL-CIO<sup>8</sup> on transparency with regard to regulatory coherence, and will be discussing with the Commission how this can be satisfied – we welcome the publication of Commission position papers as an appropriate step.

***The European Commission cannot be expected to make the case for the TTIP initiative across 28 member states. In our view, EU member states are not bearing their fair share of responsibility for transparency and communication around the project. This may be exacerbated by the fact that although EU trade ministers lead on the initiative, the breadth of the negotiations means that many other national ministries are involved, and—in our experience of the UK—not necessarily seized of the importance of promoting TTIP to the public and other interested parties. (Paragraph 198)***

We agree with the Committee that more can be done in this area. Across the EU we are working closely with other member states and the Commission to step up communications efforts. In the UK, the Government is making the case from the Prime Minister down. But of course we could all do more and line ministries do have a crucial role to play with their stakeholders.

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<sup>8</sup> American Federation of Labor and Congress of Industrial Organizations

## COMMUNICATION

***We recommend that the UK Government should formulate a cross-government communications strategy in respect of the TTIP, involving ministers with sectoral responsibilities and building on cross-party support for the initiative. It should not be left to each Department to decide whether and how to engage with interested parties and the public. Although the Department for Business, Innovation and Skills is best placed to co-ordinate this task, it should be a shared responsibility across Departments. (Paragraph 208)***

The Government agrees on the need for an extensive and coherent communications effort shared across relevant departments. There is Cabinet level agreement on UK priorities and Ministers have agreed on the need for a collective effort to inform and engage the public on TTIP. An overarching coordination system is in place to increase TTIP communications efforts across Government in a coherent manner. At working level, TTIP communications are coordinated by BIS, working with the Cabinet Office and other relevant departments.

***Insofar as a public debate on TTIP exists, EU member states are losing it. In part this is because they are engaging in it fitfully and invariably on the back foot. The UK business community—with notable exceptions, such as the motor industry—has not been vocal in support thus far. (Paragraph 209)***

The Government disagrees that it is losing the debate on TTIP. While it is true that there is currently relatively little public awareness of TTIP, longstanding public attitudes are favourable towards free trade, the USA, reducing red tape and the benefits of international trade from being part of the EU. While some NGOs and trade unions have been vocal in opposing elements of the TTIP negotiations, business and consumer groups have spoken out in favour of it. However, the Government is not complacent and will be stepping up public engagement on TTIP as the negotiations develop, and especially as we approach the stage when key political decisions will need to be taken. The Government will also continue to work with our extensive network of business stakeholders to maximise the reach of our messages, to communicate the benefits of TTIP to consumers and businesses of all sizes.

***Proponents have yet to articulate the purpose or possible gains from TTIP in a compelling way, nor offer convincing responses to legitimate concerns. In too many cases, we have had to coax out of our witnesses what TTIP might deliver for the ordinary citizen. There is indeed a risk that transatlantic trade is perceived as "sending stuff across the ocean", and therefore not relevant to an ordinary household or small business. (Paragraph 210)***

The Government recognises that there is more to do in setting out the benefits of TTIP to individuals. Much of the focus of the debate on the economic benefits of TTIP has been based on estimates at the level of the whole economy, generated using international trade theory and complex econometric models. Looking ahead, the Government will increase its efforts to put the case for TTIP at the level of individuals, and in particular the many significant benefits for consumers, and the opportunities that TTIP will create for small businesses.

***We recommend that the UK Government and the European Commission should review their account of what TTIP is about. We see scope to put more emphasis on investment and the jobs it may lead to—particularly in the UK which is a major recipient of US Foreign Direct Investment. We also see scope to emphasise the likelihood that small and medium-sized businesses stand to benefit disproportionately, not only from specific provisions under negotiation, such as protection for Geographical Indications, but also from any reduction in red tape associated with transatlantic trade, given that the vast majority of gains from TTIP are expected to result from reductions in non-tariff barriers. That case ought in our view to be made directly to small and medium-sized businesses who might otherwise consider that the initiative has no direct relevance to them. (Paragraph 211)***

The Government agrees and is developing both our negotiating priorities and public engagement narrative to give greater focus to SMEs, consumers and foreign investment. The Government is in regular contact with the European Commission and other EU member states to stress the importance of ensuring that TTIP provides extensive benefits to consumers and SMEs. SMEs will gain in particular from reductions in tariffs and red tape, and the development of a dedicated SME chapter in TTIP is one example of how the negotiations are focused on getting the best possible deal for small businesses.

***We recommend also that the Government should make clear the very considerable costs to the UK and the EU of potential failure in the TTIP negotiations (drawing on evidence set out in paragraphs 71 and 72 of our report). (Paragraph 212)***

The Government agrees that there would be considerable costs if a TTIP deal is not reached. There are also possible wider ramifications, in terms of the signal that this would send about the liberal global trading environment which operates according to standards and norms, strengthening the European single market, enhanced energy security and broader transatlantic relations. The focus of the Government's negotiating and communications strategies will remain, however, on achieving a deal with the greatest possible benefit to the UK and explaining these to the public.



***We recommend that, as more detail on potential provisions in each chapter becomes available, the UK Government should commission work on the potential impact of a TTIP agreement on specific regions and nations of the UK—in some respects like the 50 States study prepared for US audiences—in order to identify tangible benefits and risks for specific geographical constituencies. We believe that this would aid transparency and help to identify not only where gains may lie but also which concerns are warranted and need addressing. (Paragraph 213)***

We agree that, as the details of a possible deal fall into place, we shall aim to produce further information about potential benefits.

As part of this we will consider the possibility of providing regional/local estimates for the potential impact, although it may be better to wait until the nature of the agreement is clearer.

#### **POLITICAL ENGAGEMENT**

***The UK Government have a particular role to play in spurring on other leaders and decision-makers, on both sides of the Atlantic, if momentum behind the TTIP initiative is to be sustained. We judge that the Government are according priority to this in their work in the United States, but that there is scope for them to do more in Brussels and in national capitals to develop and sustain coalitions with other EU member states, in particular Germany and France. This will be vital if the Government and their allies are to take charge of the public debate in the EU and help ensure that a new Commission is in a position to seize the narrow window of opportunity available to clinch a political agreement in the first half of 2015. (Paragraph 222)***

The Government agrees that the UK has an important role to play in the US and EU. We are stepping up ministerial and official level alliance building in other EU capitals and the new European Parliament. A range of Ministers regularly discuss TTIP with their European counterparts.

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