



# **National Treatment and Market Access for Goods in TTIP**

An explanatory note

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The National Treatment and Market Access for Goods Chapter (or also called Trade in Goods) is all about eliminating or reducing barriers on EU exports of goods to the U.S. and vice-versa.

Barriers on trade in goods include tariff barriers such as customs duties and non-tariff barriers affecting the importation, distribution and sale of EU goods in the U.S.

The aim is thus to lower the cost of doing business with the U.S. by eliminating or reducing those barriers. Doing so would encourage higher economic growth and create more job opportunities in the EU.

The published Trade in Goods text is the initial EU proposal tabled in 2013. It contains principles and obligations similar to those found in other free trade agreements (FTAs) negotiated by the EU.

#### **Main principles**

The Trade in Goods chapter includes obligations for the EU and the U.S. to eliminate customs duties on goods, that meet the other Party's rules of origin, and to provide the same treatment for the goods of the other Party as that which it provides to domestically manufactured goods ("national treatment").

The majority of tariffs will be eliminated on the first day the agreement enters into force, although some tariffs on products deemed sensitive will be eliminated over a longer time frame, reduced or limited through a so-called tariff rate quota that will give preferential treatment only on a specific quantity.

The agreement would not fully eliminate all tariffs, but the principle is to provide economically meaningful preferential market access for all products. The parties are also obliged not to institute export tariffs on goods destined for export if they do not do so for like goods destined for domestic consumption.

#### **Special regime on repaired goods**

The Trade in Goods chapter also obliges the Parties to provide duty-free treatment for goods re-imported after having being repaired in the other Party, regardless of whether the goods fulfil the rules of origin.

For instance a machine sent to the EU from the U.S. for repairs should still receive duty-free treatment upon its return to the U.S. even if the parts used for the repair are not of EU origin.

#### **Import and export restrictions**

The chapter aims to ensure that neither Party circumvents the agreement's obligations by maintaining or introducing other discriminatory trade barriers at the same time as they eliminate tariffs. So it includes fundamental World Trade Organization (WTO) obligations on import and export restrictions as the framework for trade in goods between the Parties.

#### **Fees and formalities connected with importation and exportation**

In addition, the Trade in Goods chapter prohibits both Parties from maintaining or introducing other fees on the importation and exportation of goods, other than to an amount that represents the approximate cost of services rendered.

Such fees must not be a way of indirectly protecting domestically-produced goods or taxing imports or exports for revenue-raising purposes.

#### **Import and export licensing procedures**

The Trade in Goods text includes core WTO principles regarding import licences and aims to extend those principles to export licencing.

The objective is not to prevent licencing procedures, as there are legitimate objectives in some cases (e.g. for exports of weapons,

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certain chemicals, or animal skins), but to prevent obscure and opaque import and export licensing procedures that can introduce costs and significant barriers for exporters.

As part of the obligations the Parties should also notify each other of their import and export licensing procedures, including all details, and update these notifications as necessary.

#### **General Exceptions**

The article on General Exceptions aims to safeguard the right of either party to introduce (or maintain) restrictive measures on imports and exports necessary to fulfil important public policy objectives, such as protecting public health and safety, and scarce natural resources, as long as those measures are not applied in a manner that would constitute an arbitrary or unjustified restriction on trade with the other Party.