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Member States endorse EU-US trade and investment negotiations

Today's Council decision on negotiating directives ("mandate") gives the green light to the European Commission to enter into formal bilateral trade negotiations with the United States of America. Endorsing the idea of bilateral talks, Member States set out the objectives the Commission should follow in the negotiations on behalf of the EU.

What is the EU's objective in these negotiations?

The aim is to increase trade and investment between the EU and the US by unleashing the untapped potential of a truly transatlantic market place. The agreement is expected to create jobs and growth by delivering better access to the US market, achieving greater regulatory compatibility between the EU and the US, and paving the way for setting global standards. If such an ambitious agreement were achieved, it is expected that every year an average European household would gain an extra €545 and our economy would be boosted by 0.5% to up to 1% of GDP, or €119 billion annually, once fully implemented.

In more concrete terms, the goal will be to eliminate duties and other restrictions for trade in goods. Freeing up commercial services, providing the highest possible protection, certainty and level playing field for European investors in the US, and increasing access to American public procurement markets are also objectives. Removing unnecessary regulatory constraints on trade is a key issue for the EU, as are obtaining stronger protection of European Geographical Indications, facilitating customs formalities and addressing competition rules.

Sustainable development will be an overarching objective. We aim to ensure that the agreement respects international environmental and labour agreements and standards, and promotes high levels of protection for the environment, workers and consumers. We will not encourage trade or investment by lowering any such standards.

What are the expected economic gains?

An ambitious and comprehensive transatlantic trade and investment partnership could bring significant economic gains for the EU (€119 billion a year) and the US (€95 billion a year) once the agreement is fully implemented.

The benefits for the EU and the US would not be at the expense of the rest of the world. On the contrary, liberalising trade between the EU and the US is expected to have a positive impact on global trade and income, potentially increasing GDP in the rest of the world by almost €100 billion. Some of the reductions achieved in the cost of doing trade will also benefit other partners because the EU and the US will be able to work together towards better trade rules and less regulatory divergence between them in the future. The economic importance of the EU and the US will mean that their partners will also have an incentive to move towards the new transatlantic standards. This has the potential to spread gains across the increasingly interdependent global economy, especially given the ever greater complexity of global value chains.

Our economic study ([MEMO/13/211](#)) shows that EU exports to the US would go up by 28%, equivalent to an additional €187 billion worth of exports of EU goods and services. EU and US trade with the rest of the world would also increase by over €33 billion. Overall, the extra bilateral trade between the two blocs, together with their increased trade with other partners, would represent a rise of 6% in total EU exports and of 8% in US exports. This would mean an additional €220 billion and €240 billion worth of sales of goods and services for EU and US based producers, respectively.

Will the EU have to sacrifice its high standards to get this trade agreement?

No, absolutely not. Our trade and investment negotiations are always conducted with the overarching objective of bringing benefits to our societies, citizens and companies in a sustainable manner. This will also be the case in the negotiations with the US.

Therefore, any economic gains that the agreement could offer must respect our existing high standards in the areas of the environment, health and safety, privacy, consumers' and workers' rights. Our high levels of protection are not on the negotiating table. Progress in terms of enhanced trade and investment will not come at the expense of our fundamental values and must be without prejudice to our right to regulate in the way the EU considers appropriate.

What are the main elements of the mandate?

The negotiating directives set out in very broad terms the topics and the objectives to be achieved in the negotiations. There are essentially three main elements in the mandate: market access, regulatory convergence and trade rules addressing shared global challenges.

1) Market Access

Tariffs: The goal of the agreement is to get as close as possible to the removal of all duties on transatlantic trade in industrial and agricultural products, with special treatment for the most sensitive products. Transatlantic tariff barriers are currently relatively low, with an average of 5.2% for the EU and 3.5% for the US (WTO estimates). However, given the magnitude of trade between the EU and the US, tariffs still impose costs that are not negligible.

Rules of origin: The goal will be to reconcile the EU and US approaches to rules of origin to facilitate trade, while taking into account the interests of the EU producers.

Trade defence measures: The EU wants to establish a regular dialogue on anti-dumping and anti-subsidy measures with the US, without prejudice to its rights to use such measures in the framework of the relevant WTO rules.

Services: Both sides should open their services sectors at least as much as they have done in other trade agreements to date. At the same time, both sides will seek to open their services markets in new sectors, such as in the transport sector. The EU also wants to make sure that European professional qualifications can be recognised on the other side of Atlantic and that EU companies and their subsidiaries will be able to operate in the US under the same conditions as American domestic companies. Both services and investment chapters of the agreement should address the sub-federal level of government.

Investment: The aim is to achieve the highest levels of liberalisation and investment protection that both sides have negotiated to date in other trade deals. The EU will build upon the Member States' experience and best practice regarding their bilateral investment agreements. The EU would like to include in the agreement guarantees of protection against expropriation, a rule of free transfer of funds, of fair and equitable treatment, and of a level playing field for the EU companies investing in the US. Investment protection, including investor-to-state dispute settlement, is covered by the negotiating directive. Relevant safeguards are included to avoid any abuse of the system and to safeguard the right to regulate.

Public procurement: European companies whose business depends on public procurement represent 25% of EU's GDP and 31 million jobs. Hence, substantial new business opportunities should be created by opening up access to government procurement markets at all levels of government without discrimination for European companies. This also means that the EU would aim to increase transparency in tendering procedures and getting rid of local content requirements.

2) Regulatory Issues and Non-Tariff Barriers: towards a more integrated transatlantic marketplace

The regulatory area is where the highest potential economic benefit lies with these trade and investment negotiations.

In today's transatlantic trade relationship, the most significant trade barrier is not the tariff paid at the customs, but so-called 'behind-the-border' obstacles to trade, such as different safety or environmental standards for cars. Currently, producers who want to sell their products on both sides of the Atlantic often have to pay and comply with procedures twice to get their products approved. The goal of this trade deal is to reduce unnecessary costs and delays for companies, while maintaining high levels of health, safety, consumer and environmental protection.

In that spirit, both sides aim to negotiate an ambitious agreement on sanitary and phytosanitary (health and hygiene standards, for example for food products) as well as technical barriers to trade.

In addition, negotiators will work on regulatory compatibility in specific sectors, such as chemical, automotive, ITC, pharmaceutical and other health sectors such as medical appliances.

The need for regulatory convergence is not limited to trade in goods. With regards to financial services, for instance, negotiations should consider creating common frameworks for prudential cooperation. Stakeholders on both sides have provided guidance on where the most significant barriers lie.

Since not all regulatory divergences can be eliminated in one go, both sides envisage a framework for a "living agreement" that allows for progressively greater regulatory convergence over time against defined targets and deadlines. This will make it possible not only to eliminate existing barriers, but also to prevent the creation of new ones in the future.

3) Addressing Shared Global Trade Challenges and Opportunities in the 21st century

In the light of the size and impact of the transatlantic partnership on global trade flows, the negotiators will address areas that go beyond bilateral trade and also contribute to the strengthening of the multilateral trading system.

Intellectual Property Rights: Both the EU and the United States are committed to maintaining and promoting a high level of intellectual property protection. Given the efficiency of their respective systems, the intention is not to strive towards harmonisation, but to identify a number of specific issues where divergences will be addressed. For the EU side, Geographical Indications (GIs) are of particular importance in that context. During the negotiations, we therefore intend to present specific ideas for ensuring adequate protection of GIs.

Trade and Sustainable Development: Both sides intend to work together on the social and environmental aspects of trade and sustainable development, based on what each side has already negotiated in existing trade agreements.

Other Globally Relevant Challenges and Opportunities: In order to make this a truly "21st century" agreement taking into account the intertwining of economies, both sides are to tackle modernisation and simplification of trade-related aspects of customs and trade facilitation, competition and state-owned enterprises, raw materials and energy, small- and medium-sized enterprises and transparency. This would include, for example, a commitment to consult stakeholders before introducing measures with an impact on trade and investment.

What compromise has been found on audiovisual services?

There is no carve-out on audiovisual services. The European Commission has recently invited stakeholders to comment on the future of digital media ([IP/13/358](#)). As the EU legislation in this area still has to be developed, it has been agreed that audiovisual services are presently not part of the mandate, but that the Commission has the possibility to come back to the Council with additional negotiating directives at a later stage.

According to the mandate text, "The Commission will, in a spirit of transparency, regularly report to the Trade Policy Committee on the course of negotiations. The Commission, according to the Treaties, may make recommendations to the Council on possible additional negotiating directives on any issue, with the same procedures for adoption, including voting rules, as for this mandate".

What's the role of the Member States and the European Parliament in these negotiations? What about Civil Society?

The Council has given today guidelines for the Commission to negotiate on behalf of the EU. Once the negotiations are finished, both the European Parliament and the Council will need to approve the outcome of the negotiations before it becomes binding on the EU.

However, that does not mean that the Member States and the Parliament have no say throughout the negotiations: the Commission will remain in regular contact with Member States in Council, and keep the European Parliament informed about progress in negotiations, having in mind that they are the ones who will have the final say about the overall deal.

The Commission will also communicate in a transparent manner with representatives of the Civil Society on this trade agreement. However, this will also be balanced with a certain level of confidentiality in trade negotiations, which is required in order not to compromise the EU's objectives in this deal – which is in the end to create jobs for Europeans.

Is the text of the mandate publically available?

The negotiating mandate for the Transatlantic Trade and Investment Partnership negotiations remains a restricted document, which is necessary to protect EU interests and to keep chances for a satisfactory outcome high. When entering into a game, no-one starts by revealing his entire strategy to his counterpart from the outset: this is also the case for the EU. However, the European Commission is very responsive to the need to make the negotiating process as transparent as possible for European citizens ([factsheet](#)).

When will the negotiations start?

The Commission now has the green light from Member States and is ready to start the negotiations as soon as the US administration is ready. In practical terms, this means the launch of formal negotiations will probably take place before the summer.

How can I stay informed about the negotiations?

Information related to the negotiations is regularly updated on the [Commission's website](#). You can find there the latest speeches by the EU Trade Commissioner, invitations to stakeholders' events, and impact studies. To stay updated in real time, you can also follow us on Twitter [@EU TTIP team](#).

Where can I find more information about specific topics?

The [Frequently Asked Questions](#) about the Transatlantic Trade and Investment Agreement answers questions on the negotiations relating to consumer, environment and health protection, GMOs, hormones, the film industry, investor-to-state dispute settlement, data privacy, the Doha Development Round and many more.

A [specific page on the TTIP negotiations](#) has been created in DG Trade website and will be regularly updated.

For further information

[Commissioner De Gucht's press conference on the TTIP mandate](#)

[TTIP negotiations website](#)

[Frequently Asked Questions about the Transatlantic Trade and Investment Agreement](#)

[Final report of the High-Level Working Group on Jobs and Growth \(PDF\)](#), 11 Februar 2013

[The EU-US trade relationship](#)

[Civil Society Dialogue meetings](#)