

# Trade and economic relations with the United States

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The Committee on International Trade adopted the own-initiative report by Vital MOREIRA (S&D, PT) on trade and economic relations with the United States, welcoming the Interim Report of the EU-US High-Level Working Group on Jobs and Growth (HLWG) of June 2012 which reached the preliminary conclusion that a **comprehensive agreement that addresses a broad range of bilateral trade and investment policies**, as well as issues of common concern with respect to third countries, would, if achievable, provide the most significant benefit. Members note that although the economic relationships between the EU and the US are among the most open in the world, and although transatlantic markets are deeply integrated through large flows of trade and investment (with a bilateral trade volume of EUR 702.6 billion, and a bilateral investment stock valued at EUR 2.394 trillion, in 2011), there is a general consensus that the potential of the transatlantic relationship is far from being fully exploited. They recall a study carried out in 2009 for the Commission identified the most important non-tariff measures that affect trade between the EU and the US, and estimated their economic impact, suggesting that the removal of half of such existing measures and regulatory divergences would translate into an increase in GDP of EUR 163 billion until 2018 on both sides of the North Atlantic.

The report stresses that in order to ensure long-term prosperity and employment, a joint commitment, and effort, is needed to create new opportunities for businesses, to promote entrepreneurship and to capitalise on the advantages offered by the uniquely integrated transatlantic market. It encourages the HLWG to continue its work preparing **an ambitious yet feasible set of objectives and concrete deliverables** for the negotiations of such a comprehensive bilateral trade and investment agreement, which would be consistent with (and supportive of) the WTO framework. It asks for the final result of HLWG's work by the end of 2012, and for negotiations to be launched in the first half of 2013, building on the present political momentum, and on the support of industry, to enable a swift and successful conclusion to the negotiations.

Members emphasises that while the specific interests and sensitivities of both partners must be safeguarded in a balanced way, there are many areas where progress would be greatly beneficial, in particular:

- the removal of trade barriers;
- the introduction of measures to ensure better market access, including for investment;
- the protection of intellectual property rights (IPR);
- the opening up of public procurement markets to ensure full reciprocity,
- the clarification, simplification and harmonisation of rules of origin;
- the convergence on mutual recognition of regulatory standards, and not adhering to a minimum required standard based on the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), but striving jointly to enhancing quality and cooperation when dealing with EU and US divergent standards;.

- the protection of geographical indications in bilateral agricultural trade with Members supporting the complete cancelation of export refunds in EU-US agricultural trade.

Members recognise that even though the average tariffs on transatlantic trade in goods are comparatively low, the vast size of the EU-US commercial relationship means there is a **strong interest eliminating remaining tariffs**. However, a tariff-only free trade agreement would not be ambitious enough given that the **largest economic gains are to be had in reducing the level of non-tariff barriers**. The committee supports the goal proposed by the HLWG of eliminating all duties on bilateral trade, considering that EU-US bilateral trade to a large extent consists of intra-firm trade.

It recognises that, while an agreement may not resolve all **existing regulatory issues** immediately, an institutionalisation of compatibility between EU and US regulatory regimes would greatly facilitate transatlantic commerce while setting a bold global standard. Members also reiterate the necessity of fully respecting the right of each side to regulate in a manner that ensures the protection of health, product safety and environment at the level that each side deems appropriate, as well as taking into account historical transatlantic divergence on issues such as the **planting of genetically modified organisms and certain questions regarding animal welfare**. They call on the stakeholders to make full use of the invitation launched by the HLWG to present, before the end of 2012, concrete proposals to address the impact on trade of the regulatory differences that unnecessarily impede trade, urging stakeholders on both sides of the Atlantic to work together where possible to establish joint positions.

The committee goes on to make a series of **recommendations** on issues including data privacy and the rising cyber security threat, intellectual property rights, the service sector, public services and financial markets.

It underlines that the EU and the US maintain highly different definitions of **public services and services of general economic interest**, and recommends precise definitions of these terms, noting that increased regulatory coherence in services could also improve the integration of the single market in services within the EU and the US. Members call for greater cooperation in the exchange of best practices in order to improve transatlantic public sector efficiency and recommend increased mutual dialog on the future of cloud computing, as well as the advances and production of electric vehicles.

They also call for every effort to be made towards the creation of truly open and integrated **transatlantic financial services and digital markets**, and encourage the discussion of the inclusion of a financial services chapter, stating that it is necessary to tackle the issues of equivalence, convergence and extraterritoriality as those are critical to understanding how the EU and the US can face both the uncertainty of their own current economic and financial problems as well as facing global standard setting and competing models to financial regulation and supervision.

The committee goes on to call for the **restrictions on foreign ownership of US airlines** to be reformed, and argues that the lack of reciprocity between EU and US rules in both maritime and air transport, as well as the ongoing imbalance between EU firms' ability to undertake cabotage in the US market and US firms' ability to do so here, is a hurdle that must be overcome in order to unlock the true potential of the transatlantic economic relationship.

Lastly, Members underline the need for close involvement of the **relevant parliamentary committees**. They consider that the transatlantic dialogue, in order to be successful, needs to be further intensified at all levels, and that high-level meetings, not only between the Commission and US Administration but also between members of relevant committees of Parliament and the US Congress, should be held on a more regular basis. They state that it would be a welcome development should the US Congress decide to follow the example of Parliament, which has, since January 2010, been represented in Washington through its Liaison Office.