TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

TTIP

Embassy of the
United States of America

TTIP

What is TTIP?

The Transatlantic Trade and Investment Partnership (TTIP) is a free trade agreement currently being negotiated between the European Union and the United States. The aim is to remove trade barriers (including tariffs, unnecessary regulations, and restrictions on investment) in a wide range of economic sectors so as to make it easier to invest and buy and sell goods and services between the two trade blocs. **TTIP is thus a once-in-a-generation opportunity to increase economic growth and jobs.**

This ambitious project started in 2011 when the EU and the U.S. set up The High Level Working Group on Jobs and Growth to see what trade and investment agreement between the two economic powers might be developed. Seeing the opportunity to improve ties and promote economic growth, formal negotiations were launched on July 7, 2013 in Washington D.C.

What are the benefits for the EU and the United States?

Significant Savings for Consumers

Estimates show that the EU's economy could benefit by **€119 billion a year** – equivalent to an extra **€545 for a family of four in the EU**. The U.S. economy could gain an extra **€95 billion a year, or €655 per American family**. It will be a win-win situation.

Increase in Trade and Exports

Exports from **all sectors of the economy are expected to rise**. Some sectors will of course increase their exports more than others. EU exports to the U.S. of motor vehicles, for example, are predicted to more than double and EU exports to other countries are also forecast to grow.

Strengthening SMEs

TTIP will be a trade agreement fit for the 21st century – the increased business will not only benefit multinationals, but also small and medium sized enterprises, either directly through **exports**, as **suppliers to bigger companies**, or through **intrafirm trades**. The EU and U.S. have already agreed to include specific measures to ensure maximum benefits for small and medium sized firms, which are important generators of jobs, innovation, and economic growth in both the United States and the EU.

Setting Global Standards

The EU and the U.S. economies together account for about 50% of the world's GDP and for nearly a third of world trade. Agreeing on common rules and standards would position the EU and U.S. as global norm setters. TTIP has the potential to contribute to developing comprehensive global rules in areas where multilateral agreement is currently absent.

New Jobs

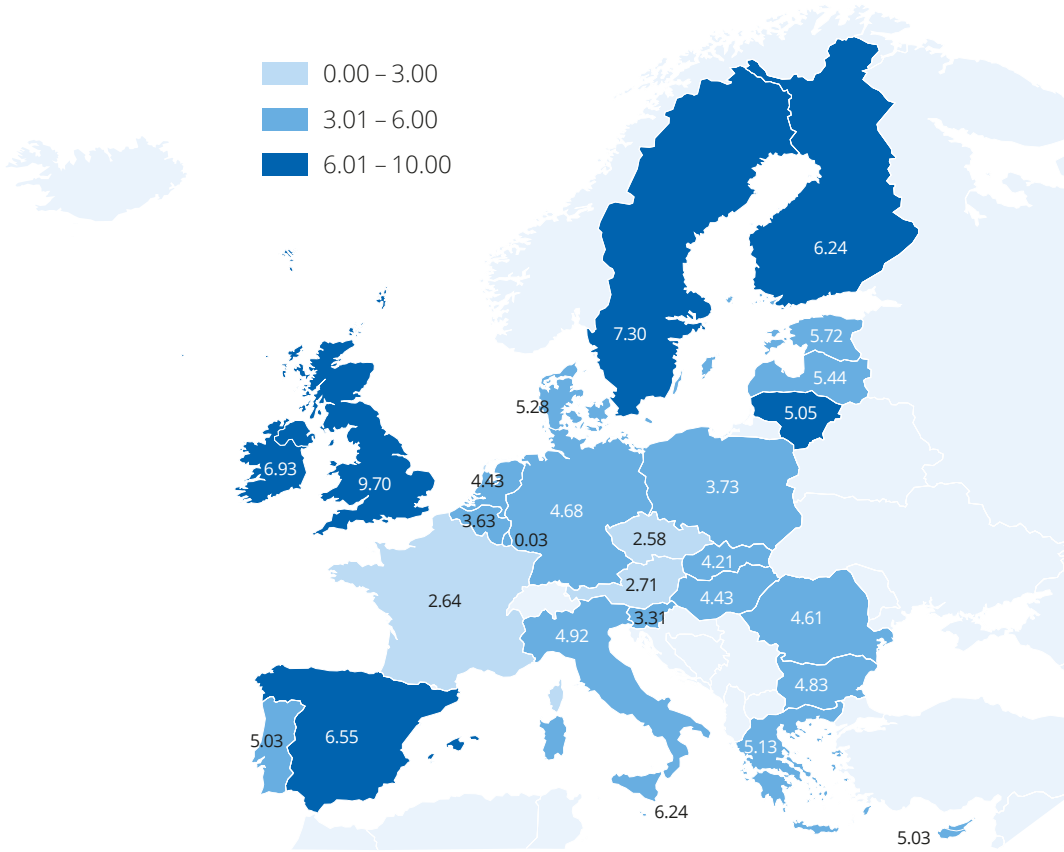
According to a Bertelsmann Stiftung study, a comprehensive agreement will lead to the creation of **more than two million new jobs overall in all OECD countries**, including Slovakia.

Additional Sources of Energy for Europe

Once a TTIP agreement is in place, securing authorization to export U.S. Liquefied Natural Gas (LNG) to Europe should be easier. Access to increased and more diverse sources of energy is of benefit to Europe, especially in today's geopolitical climate.

[Source: Ifo Institut]

Increase in GDP per capita (%) – deep liberalization (removal of both tariff and non-tariff barriers)



REMOVING BARRIERS WILL MEAN MORE CHOICE AND LOWER PRICES

The cost of dealing with unnecessary **bureaucracy can add 10-20%** to the price of goods, an extra expense which is paid by the consumer. Up to **80% of the economic benefits of TTIP would come from cutting costs imposed by bureaucracy and regulations**, and from liberalizing trade in services and government tenders.

WHAT ARE THE NEGOTIATIONS ABOUT?

Principal areas:

Tariffs

The primary goal of TTIP is to **eliminate virtually all duties on bilateral trade**. Although tariffs between the EU and U.S. are already low (**on average 4%**), the combined size of the EU and U.S. economies and the high volume of trade between them means that dismantling tariffs will be good for jobs and growth.

Non-Tariff Barriers

The main area where these negotiations could offer significant savings for business, create jobs and bring better value for consumers is by removing unnecessary rules and regulations – so-called Non-Tariff Barriers or NTBs. NTBs are the result of differences in regulations and standards. Removing them can be complicated because, although both the EU and the U.S. have well-developed systems for ensuring safety and consumer protection, they often adopt different approaches to achieve the same goal. **Having to comply with two separate sets of rules costs time and money.**

Services

More than **75% of EU jobs and 80% of U.S. jobs are in the services sector**. They account for some three-quarters of the EU's GDP and two-thirds of U.S. GDP. TTIP aims to open existing services markets and liberalize services markets in new areas. Professional qualifications of service providers like doctors, nurses, and architects could be mutually recognized, and both EU and U.S. subsidiaries should operate in each other's markets under the same conditions as domestic companies.

Investments

TTIP negotiations regarding investment include an effective **Investor-State-Dispute-Settlement (ISDS) mechanism**, designed to guarantee adequate protection for foreign investors. This offers a unique opportunity to craft a system whereby investors receive first-rate protections, while governments clarify the rights they ensure and pledge not to discriminate, and at the same time uphold their right to regulate and discourage frivolous claims.

Agriculture

Opening up agricultural markets will be a two-way street with benefits for both the EU and the U.S. The focus is on the removal of tariffs and market access barriers that are outdated or serve no consumer health or safety purpose. The United States wants to sell Europe more of its agricultural commodities, like **meat, corn, and soy**. The EU, on the other hand, is interested in exporting higher value food products, including **spirits, wine, beer, and processed food** (such as cheeses, ham, and chocolate).

Sustainable Development

Achieving economic prosperity alongside a high level of **environmental and labor protection and social cohesion** is a priority for both the EU and the U.S. An agreement will secure commitments on the labor and environmental aspects of trade and sustainable development, including ways to facilitate and promote trade in environmentally-friendly, low-carbon and resource-efficient goods, services, and technologies.

OPENING UP PUBLIC PROCUREMENT MARKETS

In the EU, the public purchase of goods and services is estimated to account for about 16% of GDP; in the United States, the figure is estimated to be approximately 11%. TTIP aims to open up **non-discriminatory access to public procurement markets** on both sides of the Atlantic. Barriers such as local content or local production requirements will be addressed, as well as improved transparency in tendering procedures.

NEGOTIATION PROCESS AND TRANSPARENCY

European Commission

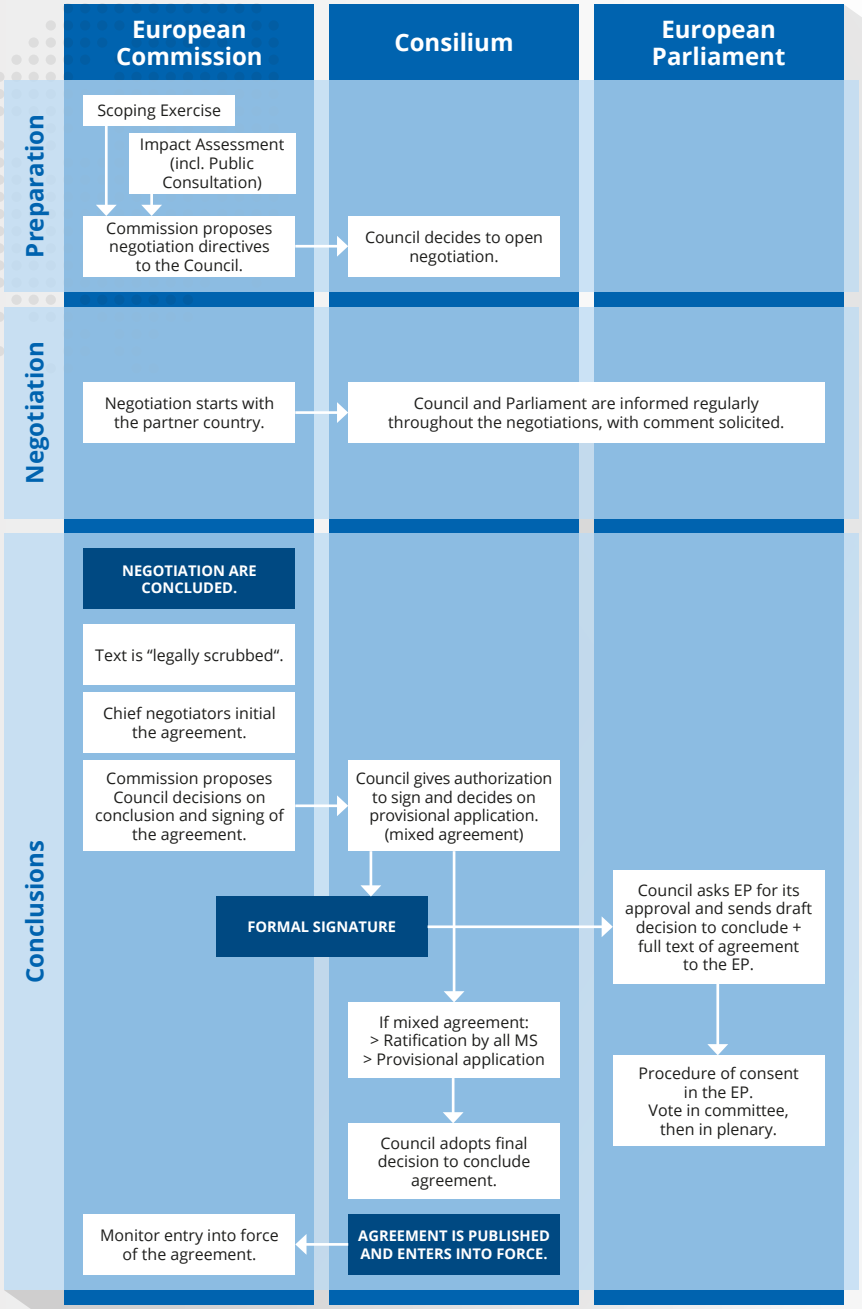
In trade policy, the European Commission negotiates on behalf of the EU and its 28 Member States: **One voice representing 500m people is more effective than if each EU Member State tried to negotiate separately.** TTIP is no exception and so the Commission, led by EU Trade Commissioner and its Trade Department (DG Trade), represents the EU at the negotiating table. For the U.S., the United States Trade Representative (USTR) is the main negotiator.

Member States

The Commission negotiates on the basis of guidelines agreed by the Council, where the governments of all EU Member States are represented. **The Council also provided the Commission with the mandate to conduct negotiations** and national experts are involved in the preparations of all the technical details of agreement.

European Parliament

Throughout the negotiations, the European Commission is keeping the European Parliament informed of developments. In the end, once the negotiators have come up with an agreement, it will be **the Council, together with the European Parliament, which will examine and approve or reject the final agreement**. In the United States, it will be the U.S. Congress.



Transparency

Including relevant stakeholders in the TTIP negotiation process is of paramount importance to the Commission. It has, therefore, undertaken a series of initiatives to encourage information exchange. In an unprecedented move, it made public its initial position papers and later even the negotiating mandate. In addition, it keeps in regular contact with stakeholders.

Consulting and Updating the Public

Three online consultations were held before the talks started and the fourth consultation concerned ISDS. The EU also regularly publishes information online on the web and social networks and regularly briefs the press. In fact **more than 50 documents have been published online**, including factsheets and FAQs, press releases and memos, studies and meeting reports. So far over 120,000 copies have been downloaded.

Conferring with Governments and MEPs

The Commission has a legal obligation to consult the Council on all aspects of the TTIP-negotiations. This occurs in various formats and at different levels. Since the start of the TTIP process the Commission has had **more than 45 meetings with EU Member States**, including at the ministerial level. The European Parliament is similarly consulted and informed. In addition to the European Parliament's Trade Committee, a specially set up Monitoring Group and a group of high-ranking MEPs also work on TTIP.

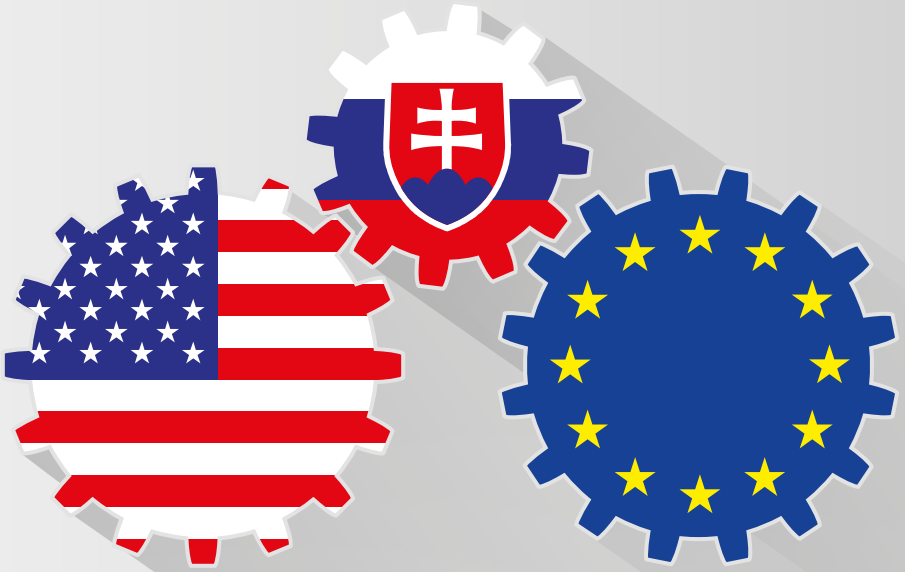
Advice from Outside Experts

In February 2014 the Commission set up a new **Advisory Group composed of 14 representatives from diverse sectors** – economics, trade unions, consumers, environment, health, etc. These representatives advise the EU's chief negotiator and have access to a broad range of documents.

Input from Other Interest Groups

The EU consults **large and small businesses, industry bodies, consumer associations, trade unions, environmental groups and other NGOs**. During and between each week-long negotiating round, they are invited to formal meetings with the EU chief negotiator and his team in order to make presentations, exchange views and discuss substance and progress.

TTIP AND SLOVAKIA



SLOVAKIA'S ROLE IN THE TTIP NEGOTIATIONS

Responsibility for the coordination of Slovakia's TTIP positions is placed principally with the Ministry of Economy and its permanent representative in the Trade Policy Committee of the Council. This is the first contact point for other ministries, institutions and organizations such as trade unions and employer associations.

Slovakia's Priorities and Expectations

Removal of Non-Tariff Barriers

This will be especially helpful for the automotive, chemical and pharmaceutical sectors. SMEs in particular will also benefit from the removal of non-tariff barriers. Employing more than 70% of Slovak labor force and forming the backbone of Slovak economy, improving their business environment will have a significant impact on the society as a whole.

Better Market Access

Slovakia's opportunity to export to the U.S. will increase by lowering customs tariffs in the automotive, electrotechnical, engineering, steelmaking, and metallurgical sectors. Machinery and chemicals are among the top 5 most imported commodities into the United States and are still subject to stiff tariffs. Their removal would help Slovak exporters.

Agricultural Exports

Lowering agricultural tariffs will improve the competitiveness of Slovak agricultural products, while maintaining strict hygienic and security standards and current levels of consumer protection.

Inclusion of ISDS

U.S. investments in Slovakia are currently governed by a bilateral investment treaty dating from 1991. It is expected that a new ISDS agreement would be much improved and offer Slovakia better protections.

Public Procurement Access

Securing access to public tenders in the U.S. will generate numerous business opportunities for Slovak companies.

THE IMPORTANCE OF TTIP TO THE SLOVAK CAR INDUSTRY

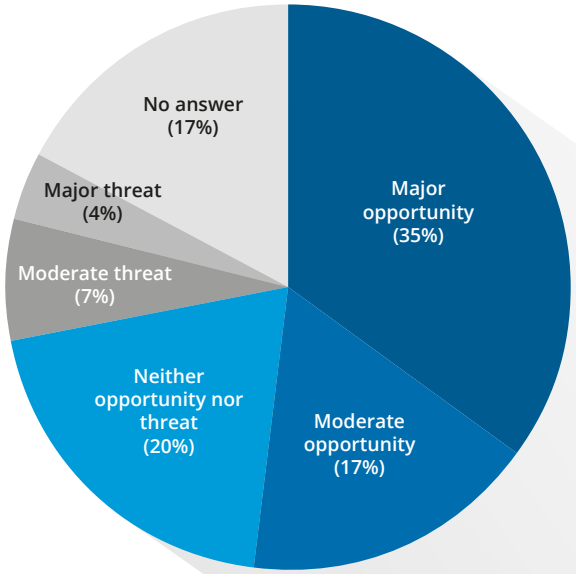
The car industry is an essential sector in Slovakia, representing 43% of the country's industrial output, 26% of exports and employing 60,000 people directly and up to another 150,000 people indirectly. According to Slovakia's Car Industry Union (ZAP SR), the full elimination of non-tariff trade barriers could **boost car exports from the EU to the U.S. by 149% from 2017 to 2027**, which would be a tremendous boost to Slovakia's economy.

Slovak Business Community Expectations

According to a study on perceptions of TTIP conducted among the Slovak business community by the Business Alliance of Slovakia (PAS), more than a half of the respondents assumed that a robust trade deal between the EU and the U.S. would bring new business opportunities and help boost Slovakia's economy. Entrepreneurs most often cited as advantages a **higher number of business partners, more intensive foreign trade, and a simpler transfer of know-how and technologies**.

Entrepreneurs participating in the survey expect an **average increase of revenues of over 10%** and the vast majority believe that liberalization of trade will **improve employment**, with the average rate of expected boost in the number of employees being **8%**.

PAS Study – How do you perceive the creation of a free trade zone between the EU and the U.S.?



Impact of TTIP on the Slovak Economy

Slovakia, with its profoundly export-driven economy, will be among the countries that profits most from TTIP. It will benefit predominantly from higher economic growth, the creation of new jobs, an increase in foreign trade and a higher standard of living.

The PAS study estimates a **2.6% increase in corporate revenues, a 1.2% increase of employment (i.e. 28,000 new jobs), a 3.1% growth of exports** and a 2.9% growth of imports. The expected growth of cross-border trade is 3.0%. Moreover, **GDP is expected to grow at roughly 4%**. Accordingly, TTIP's contribution to Slovakia's economy could amount to as much as **3.6 billion euros (€1 743 per single household)**.

Positive Experience from the Past

In 2004 Slovakia joined the EU and entered a similar free trade area called the European Single Market. Shortly thereafter Slovakia's economy experienced one of its most stellar economic growth periods, with GDP increase reaching an all-time high of 10.4% in 2007.

MYTHS AND FACTS

"Only large firms profit from TTIP."

Lowering tariffs and removing trade barriers will mean more choice and lower prices for all people. Improving access to the U.S. market will help not only large firms, but also small and medium sized firms (SMEs).

"The high consumer, environment and health protection standards of the EU are at risk."

The existing high levels of protection are non-negotiable. Both the EU and the U.S. are committed to high levels of protection for its citizens, but they sometimes go about it in different ways. The goal is to share best practices to improve standards while eliminating costly duplicity.

"TTIP will lead to the privatization of our water supply, health and education systems."

Privatization is solely decided by governments themselves and not through free trade agreements. TTIP is not going to change that.

"TTIP opens the door to fracking and lower food safety standards."

In the EU, fracking and food safety standards are strictly regulated by the governments themselves. Again, a free trade agreement is not going to change that. Only governments or parliaments can decide to change these laws.

"National sovereignty will be threatened by TTIP."

The EU has made it clear that the freedom of national governments to regulate would be explicitly protected. The Investor-State Dispute Settlement (ISDS) provisions being discussed cannot overturn existing laws. Their purpose is to protect investors from discrimination, while safeguarding the Government's right to make laws.

USEFUL WEBSITES AND CONTACTS

TTIP SLOVAKIA

http://www.ttip-slovakia.sk/

Ministry of Economy of the Slovak Republic

http://www.mhsr.sk/dohoda-medzi-eu-a-usa-o-transatlantickom-obchodnom-a-investicnom-partnerstve-TTIP/

DG TRADE – TTIP

http://ec.europa.eu/trade/policy/in-focus/ttip/

USTR – TTIP

http://www.ustr.gov/ttip

Representation of European Commission to Slovak Republic

http://ec.europa.eu/slovensko/index_sk.htm

U.S. Embassy in Bratislava

http://slovakia.usembassy.gov/

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