



Embassy of the United States of America

Research Unit, Public Diplomacy Section

March 10, 2016

The Transatlantic Trade and Investment Partnership (T-TIP)

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THE WHITE HOUSE: The Transatlantic Trade and Investment Partnership (T-TIP) (The White House, Office of the Press Secretary, June 17, 2013)

Today President Obama, together with European Commission President Barroso and European Council President Van Rompuy, announced that the United States and the European Union (EU) will be launching negotiations on a Transatlantic Trade and Investment Partnership (T-TIP) agreement. The first round of T-TIP negotiations will take place the week of July 8 in Washington, D.C., under the leadership of the Office of the U.S. Trade Representative.

T-TIP will be an ambitious, comprehensive, and high-standard trade and investment agreement that offers significant benefits in terms of promoting U.S. international competitiveness, jobs, and growth.

T-TIP will aim to boost economic growth in the United States and the EU and add to the more than 13 million American and EU jobs already supported by transatlantic trade and investment.

In particular, T-TIP will aim to:

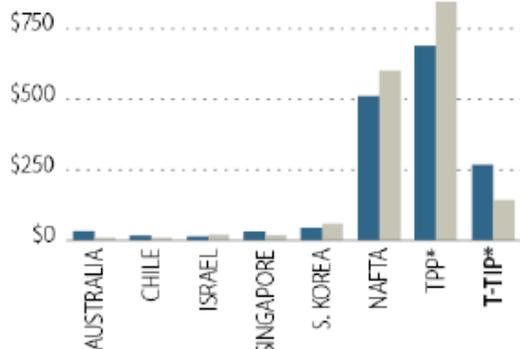
- Further open EU markets, increasing the \$458 billion in goods and private services the United States exported in 2012 to the EU, our largest export market.
- Strengthen rules-based investment to grow the world's largest investment relationship. The United States and the EU already maintain a total of nearly \$3.7 trillion in investment in each other's economies (as of 2011).
- Eliminate all tariffs on trade.
- Tackle costly "behind the border" non-tariff barriers that impede the flow of goods, including agricultural goods.
- Obtain improved market access on trade in services.
- Significantly reduce the cost of differences in regulations and standards by promoting greater compatibility, transparency, and cooperation, while maintaining our high levels of health, safety, and environmental protection.
- Develop rules, principles, and new modes of cooperation on issues of global concern, including intellectual property and market-based disciplines addressing state-owned enterprises and discriminatory localization barriers to trade.
- Promote the global competitiveness of small- and medium-sized enterprises.

THE FIGURES

Trade and Investment with Existing and Potential Free Trade Agreement (FTA) Partners.

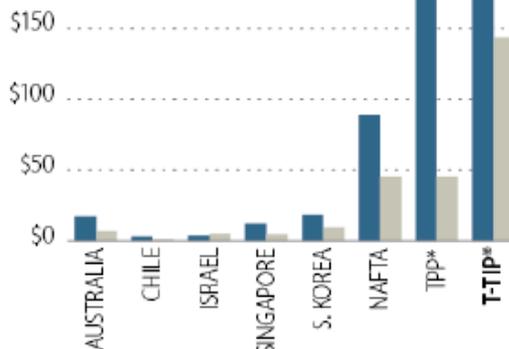
U.S. Trade with Largest FTA Partners

GOODS, 2012
\$1,000



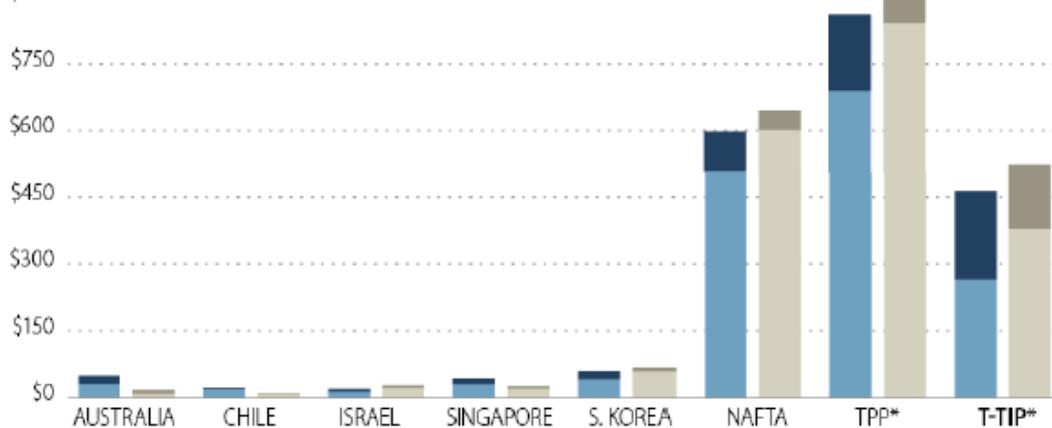
U.S. Exports ■ **U.S. Imports**

SERVICES, 2012
\$200

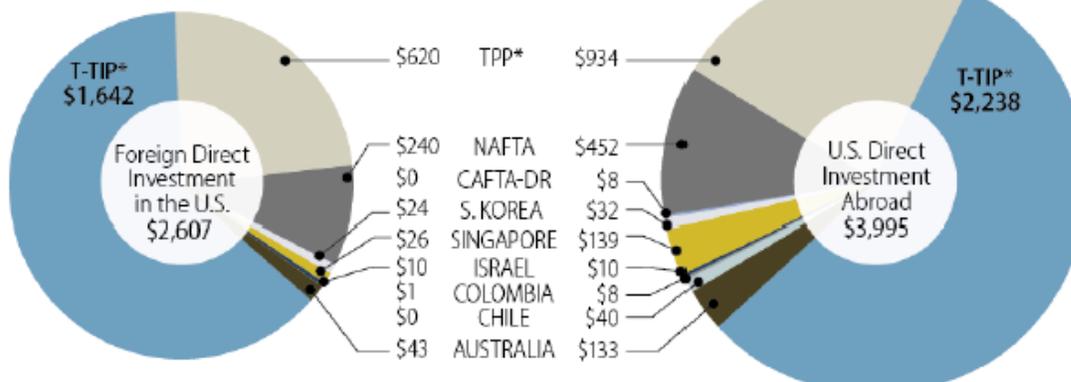


U.S. Trade with Largest FTA Partners, 2012

\$900



Stock of Foreign Direct Investment with Largest U.S. FTA Partners, 2012 (on a historical cost basis)



* Proposed Free Trade Agreements

Source: CRS analysis of data from U.S. International Trade Commission and U.S. Bureau of Economic Analysis.

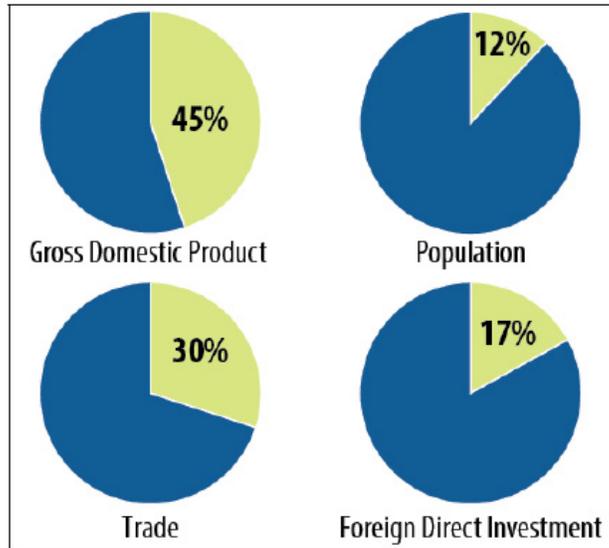
Notes: North American Free Trade Agreement (NAFTA) partners: Canada and Mexico.

- Proposed Trans-Pacific Partnership (TPP) partners: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam. TPP services data do not include Brunei, Peru, and Vietnam.

- Proposed Transatlantic Trade and Investment Partnership (T-TIP) partners: EU-28 countries. T-TIP data do not include Croatia, which joined the European Union as its 28th member state on July 1, 2013.

All dollars in billions.

Combined U.S.-EU Share of Global Economy



Source: U.S. Bureau of Economic Analysis; European Commission; Eurostat; International Monetary Fund; and United Nations Committee on Trade and Development.

Note: Yellow shares reflect U.S.-EU share of global economy; blue shares reflect rest of the world.

Largest U.S. Free Trade Agreements (FTAs): Economic Area, 2012

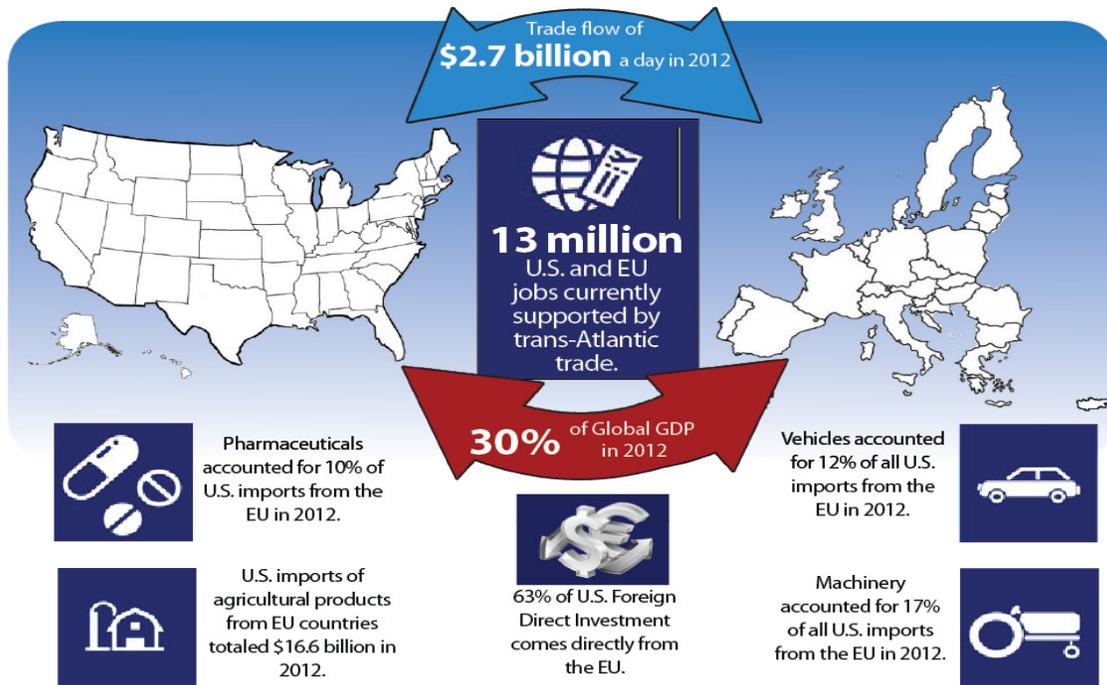
FTAs	GDP (billions of current U.S. dollars)	% World GDP	Population (millions)	% World Population
U.S.-South Korea FTA	\$16,841	23%	364	5%
North American Free Trade Agreement	\$18,681	26%	464	7%
Trans-Pacific Partnership*	\$27,558	36%	792	11%
Transatlantic Trade and Investment Partnership*	\$32,269	45%	817	12%

Sources: CRS analysis of data from International Monetary Fund, *World Economic Outlook*, April 2013; and European Commission, Eurostat.

Notes: *Proposed FTAs.



BUILDING ON OUR ECONOMIC AND STRATEGIC PARTNERSHIP



We have to do more to put this indispensable partnership to work... and we can start, frankly, by harnessing the energy and the talents of our people, which is what the Transatlantic Trade and Investment Partnership is all about. Imagine what happens when you take the world's largest market and the world's largest single economy and you marry them together with the principles and the values that come with it... T-TIP will do for our shared prosperity what NATO has done for our shared security.

Secretary of State John Kerry

<http://useu.usmission.gov/ttip.html>

2016 TRADE AGENDA: Excerpts from the 2016 Trade Policy Agenda and 2015 Annual Report (Ambassador Michael B.G. Froman, Office of the United States Trade Representative, March 2016)

The Transatlantic Trade and Investment Partnership

The Transatlantic Trade and Investment Partnership (T-TIP), the comprehensive trade and investment agreement the United States is negotiating with the European Union, along with TPP and our other FTAs, will give the United States unfettered access to nearly two-thirds of the global economy.

The U.S.-EU trade and investment relationship is the largest in the world. We have nearly \$1.1 trillion in annual trade with the EU, and the EU is the single largest buyer of American goods and services and by far the largest source of Foreign Direct Investment in the United States. Through T-TIP, we can strengthen that relationship by removing barriers to exports on both sides of the Atlantic. And we can strengthen America's attractiveness as the manufacturing site of choice, supporting hundreds of thousands of additional jobs in a vast range of industries.

T-TIP provides a historic opportunity to modernize the U.S.-EU trade relationship and strengthen the broader transatlantic partnership. We will do so in a way that maintains the high levels of protection for consumers, for health and safety, for the environment, and for workers that our citizens expect. T-TIP also offers significant opportunities to set high standards with respect to global issues of common concern.

It is the President's objective to conclude an ambitious, comprehensive and high-standard T-TIP agreement in 2016. We are pursuing ambitious market openings in goods, services, and investment, and are working to address areas such as regulatory and other nontariff barriers to U.S. exports, increase the participation of SMEs in the transatlantic economy, and address the challenges of trade in the modern digital economy, among other goals. The Administration will continue to seek input from Congress and stakeholders. /.../

The U.S. trade and investment relationship with the EU is the largest and most complex economic relationship in the world. Transatlantic trade flows (goods and services trade plus earnings and payments on investment) averaged an estimated \$4.7 billion each day of 2015²⁹. The total stock of transatlantic investment was \$11.2 trillion in 2014. These enormous trade and investment flows constitute a key pillar of prosperity for the United States and Europe, and countries around the world benefit from access to the markets, capital, and innovations of the transatlantic economy.

To further strengthen this critical trade and investment relationship, President Obama announced on February 13, 2013 his intention to pursue comprehensive trade and investment negotiations with the EU. On June 17, 2013, President Obama and EU Leaders announced the launch of negotiations on a T-TIP agreement. By the end of 2015, U.S. and EU negotiators had met in eleven formal rounds, including four in 2015, and were engaging in a wide range of discussions and negotiating sessions between rounds.

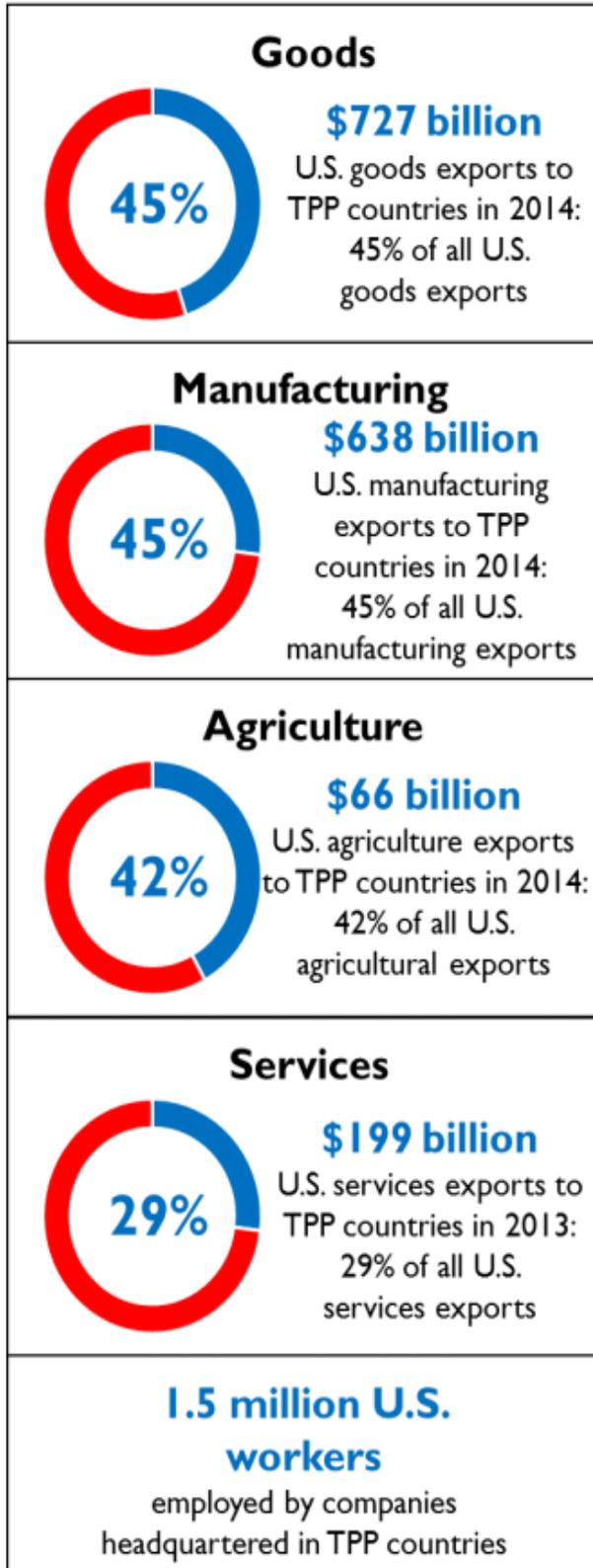
President Obama and other G7 leaders in June 2015 publicly affirmed their support for an acceleration of the T-TIP negotiations. In a joint statement following their December 11 meeting, Ambassador Froman and EU Trade Commissioner Cecilia Malmstrom affirmed the shared U.S.-EU commitment “to expeditiously reaching an ambitious, comprehensive agreement that promotes economic growth and jobs, strengthens our strategic partnership, and reflects our shared values.” They also agreed “to further intensify” work during 2016, “to help negotiations move forward rapidly, including through enhanced intersessional work, frequent formal negotiating rounds, and increased Minister-level consultations.”

In establishing U.S. negotiating objectives for the T-TIP agreement, the Administration consulted closely with the U.S. Congress and a wide range of public and private sector stakeholders. The United States is seeking in T-TIP to:

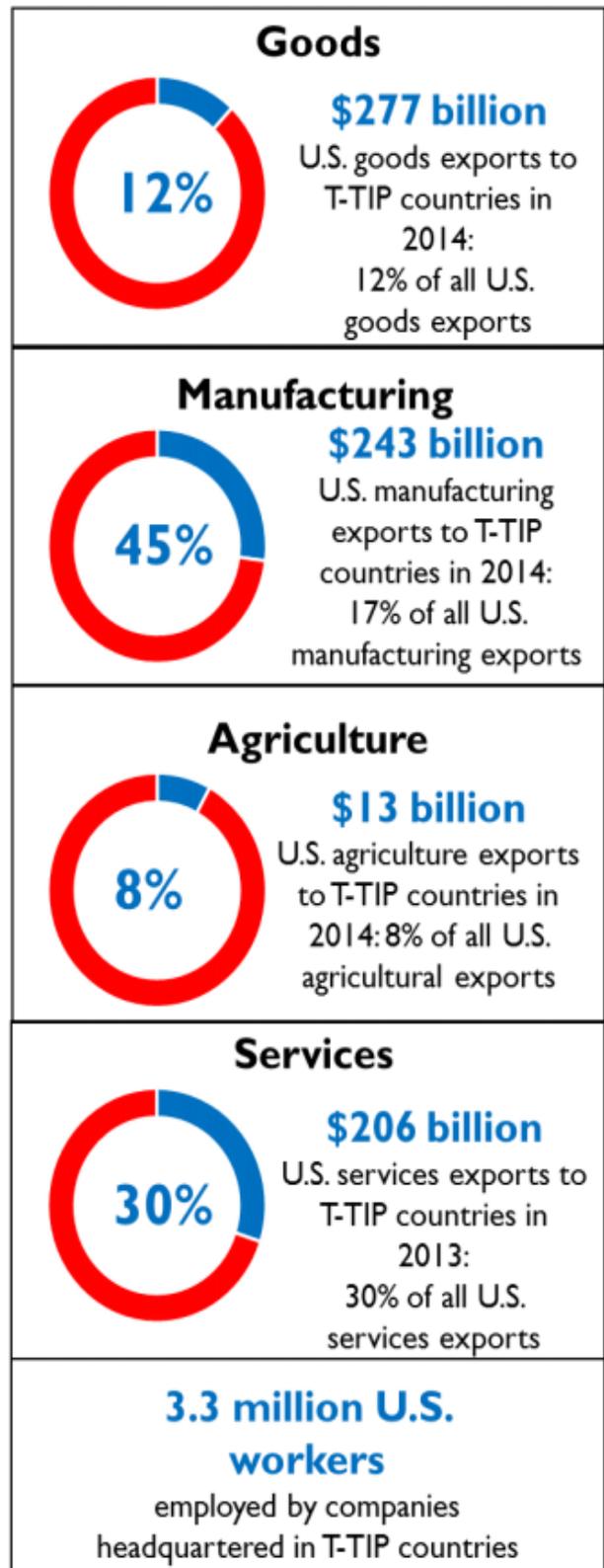
- Further open EU markets to increase the \$495 billion in goods and private services the United States exported in 2014 to the EU, our largest export market;
- Strengthen rules based investment to grow the world’s largest investment relationship. The United States and the EU already maintain a total stock of \$4.2 trillion in investment in each other’s economies (as of 2014);
- Eliminate all tariffs on trade in goods;
- Tackle costly unnecessary “behind the border” nontariff barriers that impede the flow of goods, including agricultural goods;
- Obtain improved market access for trade in services;
- Significantly reduce the cost of unnecessary differences in regulations, standards, and conformity assessment procedures by, for example, promoting greater transparency, public participation, and accountability in regulatory procedures, and by achieving greater compatibility in the U.S. and EU approaches to regulation in several economically significant sectors, while maintaining our high levels of health, safety, and environmental protection;

- Develop rules, principles, and new modes of cooperation on issues of global concern, including intellectual property and market-based disciplines addressing state-owned enterprises; and,
- Promote the global competitiveness of small- and medium-sized enterprises. /.../

Building on Success in TPP



Building on Success in T-TIP



* TPP: Trans-Pacific Partnership. T-TIP: Transatlantic Trade & Pacific Partnership.

Under the **Trans-Pacific Partnership** & the
Transatlantic Trade & Investment Partnership



in the combined free trade areas could benefit from
the **strongest labor protections** in any
trade agreement in history.

**TTIP Round 12 - final day press conference. Statement by Dan MULLANEY,
Chief US Negotiator for the TTIP. Brussels, February 26, 2016**

First of all, let me express my thanks to Ignacio and his European Commission colleagues for graciously hosting us during the 12th round of T-TIP negotiations here in Brussels. We really appreciate all they did to facilitate the progress we achieved this week.

When Ambassador Froman and EU Trade Commissioner Malmstrom met in Washington last September to review the status of the negotiations, they agreed on the need to accelerate work in all areas with goal of completing T-TIP in 2016. They have met several times since then to ensure forward movement.

Our intensified engagement over the past few months – during which many of our negotiators have been in almost daily contact with their EU counterparts – has yielded real progress:

We now have proposed text in the vast majority of the negotiating areas. And in many cases, we are already removing brackets and agreeing on wording. In short, we are well into the nitty-gritty of negotiating this agreement.

This round comes just three weeks since the signing of the Trans-Pacific Partnership. We look forward to concluding a similarly high quality agreement with the European Union.

Two of the texts that we put forward this round were on labor and the environment. These proposals underscore our commitment to advance our labor and environmental objectives in T-TIP, without reducing in any way worker or environmental protections on either side of the Atlantic.

Just as in our previous trade agreements, we propose making adherence to labor and environmental standards enforceable in T-TIP, which we believe strengthens those protections. We believe that T-TIP also has the potential to increase transatlantic cooperation in addressing labor and environmental challenges more generally, to the benefit of all of our citizens and people around the world.

We made significant advances in the regulatory area during the round. Our goal in T-TIP – which makes it one of the most ambitious trade agreement in history – is to bridge, where possible, regulatory divergences and promote greater compatibility – all without lowering the environmental, health and safety protections our citizens have come to expect.

At our meeting this week we advanced our discussions of regulatory cooperation and good regulatory practices with the aim of strengthening transparent rule-making on both sides of the Atlantic.

Public comment and input reinforce the democratic legitimacy of our regulatory systems without diminishing parliamentary control over those processes.

We also this week continued our discussions on regulatory issues in important sectors such as autos, pharmaceuticals and medical devices. We made significant progress in identifying the common objectives we want to achieve in each of these areas.

The cross-cutting goal in all of the sectors is to improve regulatory compatibility in ways that reduce unnecessary burdens on trade, while maintaining existing levels of regulatory protection and making better use of regulator resources. Our work on identifying common objectives builds on years of information and data exchange, studies and in-depth discussion. Our efforts in the regulatory area have potential to achieve significant benefits.

The United States during this round also put forward substantive proposals on customs and trade facilitation, sanitary and phytosanitary measures, and rules of origin.

The goal of our efforts in these areas is to simplify customs procedures, eliminate unnecessary red tape, ensure that health and safety regulations are based on science

and make certain that the benefits of T-TIP go mainly to those who create value within the transatlantic area.

In October during our last round, we had a second exchange of tariff offers in which both sides agreed to liberalize 97% of their tariff lines, most of them immediately upon entry into force of the agreement.

This is a good start, but the United States remains committed to the goal of eliminating transatlantic tariffs under T-TIP. We look forward to working with the European Union in the coming months to achieve that objective.

Meanwhile, we have already begun discussing how we can reduce the phase-out periods for those tariff lines that are not yet scheduled for immediate elimination.

Finally, we plan on an initial exchange of offers on government procurement early next week, and will have discussions thereafter.

We still have much work to do, but if we can sustain our current intensified engagement, we can finish the negotiations this year.

Our common goal is to reach by July an advanced stage of text consolidation across the board, narrowing down our differences to the most sensitive issues and putting us in a position to potentially complete the agreement in the second half of the year.

The economic and strategic rationale for T-TIP has only grown stronger since we started negotiating more than 2-1/2 years ago. T-TIP gives Europe and the United States the opportunity, together, to help shape the global rules for trade and investment in way that reflects our common values and interests, to be standard setters rather than standard takers.

Let me be clear: We do not favor an “early harvest” or a “T-TIP light.” We want an ambitious, comprehensive and high standard agreement. The United States remains committed to doing its part to accomplish that. Thank you.



Embassy of the United States of America

**Research Unit
Public Diplomacy Section**

T-TIP