

EXECUTIVE OFFICE OF THE PRESIDENT
THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON, D.C. 20508

March 20, 2013

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

On behalf of the President, I am pleased to notify Congress that the President intends to enter into negotiations with the European Union (EU) on the Transatlantic Trade and Investment Partnership (TTIP), a comprehensive trade and investment agreement. We intend to initiate negotiations on this new agreement no earlier than 90 days after the transmittal of this notification.

Transatlantic trade and investment are key pillars of the world economy and of American and EU prosperity. Last year the United States exported \$458 billion in goods and services to the EU, estimated to support more than 2.2 million U.S. jobs. The stock of U.S. and EU investment in each other's economy totaled nearly \$3.7 trillion in 2011, and EU affiliates in the United States employed an estimated 3 million Americans in 2010. The EU and the United States together account for nearly half of global output of goods and services and 30 percent of global trade.

The decision to launch negotiations on the TTIP follows a year-long examination of options for increasing U.S.-EU trade and investment conducted by the U.S.-EU High Level Working Group on Jobs and Growth (HLWG), established by President Obama and EU leaders during their November 2011 Summit Meeting. After consulting closely with a wide range of public and private sector stakeholders, the HLWG concluded in its February 11, 2013 Final Report that an agreement that addresses a broad range of bilateral trade and investment policies, as well as global issues of common interest, could generate substantial economic benefits on both sides of the Atlantic. The plan to launch negotiations reflects the broadly shared conviction that transatlantic trade and investment can be an even stronger driver of mutual job creation, economic growth, and competitiveness.

An ambitious, comprehensive, and high-standard TTIP can generate new business and employment by significantly expanding trade and investment opportunities in the United States and the EU. Economic studies point to significant benefits from a comprehensive agreement in terms of real GDP (gains of billions to tens of billions of dollars) and exports (gains of tens of billions of dollars). The TTIP could also establish rules and disciplines that address emerging challenges to the global trading system, and further strengthen the extraordinarily close strategic partnership between the United States and Europe.

As the Final Report of the HLWG noted, an agreement between the United States and the EU, which already have substantially open economies, would need to break new ground to create additional bilateral market openings and establish new trade rules that are globally relevant. In

view of the complexity and dynamism of our economies, it will be important for TTIP to seek to substantially eliminate existing trade barriers and establish mechanisms that help the two sides address any trade concerns that may arise and further deepen economic integration. With average U.S. and EU tariffs already quite low, new and innovative approaches to reducing the adverse impact on transatlantic commerce of non-tariff barriers must be a significant focus of the negotiations. Reducing costs associated with regulatory differences that may unnecessarily impede trade, while continuing to meet legitimate regulatory objectives, will also be an important element of the negotiations. The United States and the EU will also have the opportunity to develop rules and principles on emerging global issues of common concern, thus strengthening the rules-based trading system from which all economies benefit.

We do not underestimate the challenge of concluding a comprehensive trade and investment agreement with the EU. However, the potential gains overwhelmingly justify the effort. Exploratory discussions over the past year and the support for a comprehensive agreement that has been offered by a significant and diverse set of stakeholders boost our confidence that it will be possible to find mutually acceptable solutions on difficult issues and conclude an agreement that will benefit U.S. workers, manufacturers, service suppliers, farmers, ranchers, innovators, creators, small- and medium-sized businesses, and consumers.

The Administration is committed to continuing its close cooperation with Congress in further developing U.S. negotiating objectives for the TTIP Agreement. As we have done in the past, we will consult closely with Congress in developing our negotiating positions to ensure that they are consistent with Congressional priorities and objectives. We will also hold regular and rigorous consultations with stakeholders.

As the Administration develops U.S. negotiating proposals for the TTIP negotiations, we will carefully tailor our approach to the particular characteristics of the EU. In undertaking this effort, the Administration will work closely with Congress in developing high-standard negotiating proposals that reflect U.S. values and priorities and include elements that may be relevant in the global context.

Our specific objectives for the negotiation of the TTIP include the following:

Trade in Goods:

- Seek to eliminate all tariffs and other duties and charges on trade in agricultural, industrial, and consumer products between the United States and the EU, with substantial duty elimination on entry into force of an agreement, transition periods where necessary for sensitive products, and appropriate safeguard mechanisms to be applied if and where necessary;
- Seek to obtain fully reciprocal access to the EU market for U.S. textile and apparel products, supported by effective and efficient customs cooperation and other rules to facilitate U.S.-EU trade in textiles and apparel;

- Seek to eliminate or reduce non-tariff barriers that decrease market opportunities for U.S. exports, provide a competitive advantage to products of the EU, or otherwise distort trade, such as sanitary and phytosanitary (SPS) restrictions that are not based on science, unjustified technical barriers to trade (TBT), and other “behind-the-border” barriers, including restrictive administration of tariff-rate quotas and permit and licensing barriers, that impose unnecessary costs and limit competitive opportunities for U.S. exports;
- Seek to build on key principles and disciplines of the World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures to achieve meaningful market access, including commitments to base SPS measures on science and international standards or scientific risk assessments, apply them only to the extent necessary to protect human, animal, or plant life or health, and develop such measures in a transparent manner, without undue delay; and to establish an on-going mechanism for improved dialogue and cooperation addressing bilateral SPS issues;
- Seek to build on key principles and disciplines of the WTO Agreement on Technical Barriers to Trade through strong cross-cutting disciplines and, as appropriate, through sectoral approaches, to achieve meaningful market access, and establish ongoing mechanisms for improved dialogue and cooperation on TBT issues;
- Seek greater compatibility of U.S. and EU regulations and related standards development processes, with the objective of reducing costs associated with unnecessary regulatory differences and facilitating trade, *inter alia* by promoting transparency in the development and implementation of regulations and good regulatory practices, establishing mechanisms for future progress, and pursuing regulatory cooperation initiatives where appropriate;
- Seek to establish rules of origin that ensure that duty rates under an agreement with the EU apply only to goods eligible to receive such treatment and define procedures to apply and enforce such rules;

Trade in Services:

- Seek to obtain improved market access in the EU on a comprehensive basis, and address the operation of any designated monopolies and state-owned enterprises, as appropriate;
- Seek to reinforce transparency, impartiality, and due process with regard to authorizations to supply services, obtain additional disciplines in certain services sectors, and improve regulatory cooperation where appropriate;

Electronic Commerce and Information and Communication Technology (ICT) Services:

- Seek to develop appropriate provisions to facilitate the use of electronic commerce to support goods and services trade, including through commitments not to impose customs duties on digital products or unjustifiably discriminate among products delivered electronically;

- Seek to include provisions that facilitate the movement of cross-border data flows;

Investment:

- Seek to secure for U.S. investors in the EU important rights comparable to those that would be available under U.S. legal principles and practice, while ensuring that EU investors in the United States are not accorded greater substantive rights with respect to investment protections than U.S. investors in the United States;
- Seek to ensure that U.S. investors receive treatment as favorable as that accorded to EU investors or other foreign investors in the EU, and seek to reduce or eliminate artificial or trade-distorting barriers to the establishment and operation of U.S. investment in the EU;
- Seek to provide and maintain meaningful procedures for resolving disputes between U.S. investors and the EU and its Member States that are in keeping with the goals of expeditious, fair, and transparent dispute resolution;

Customs and Trade Facilitation:

- Seek to establish disciplines to ensure transparent, efficient, and predictable conduct of customs operations and ensure that customs measures are not applied in a manner that creates unwarranted procedural obstacles to trade; and enhance customs cooperation between the United States and the EU and its Member States;

Government Procurement:

- Seek to expand market access opportunities for U.S. goods, services, and suppliers of goods and services to the government procurement markets of the EU and its Member States;
- Seek to ensure fair, transparent, and predictable conduct of government procurement and that U.S. suppliers of goods and services receive treatment as favorable as that accorded to domestic and other foreign goods, services, and suppliers in the EU and its Member States;

Labor:

- Seek to obtain appropriate commitments by the EU with respect to internationally recognized labor rights and effective enforcement of labor laws concerning those rights, consistent with U.S. priorities and objectives, and establish procedures for consultations and cooperation to promote respect for internationally recognized labor rights;

Environment:

- Seek to obtain, consistent with U.S. priorities and objectives, appropriate commitments by the EU to protect the environment, including to conserve natural resources, and to

effectively enforce environmental laws, and seek opportunities to address environmental issues of mutual interest;

Intellectual Property Rights:

- Seek to obtain, consistent with U.S. priorities and objectives, appropriate commitments that reflect the shared U.S.-EU objective of high-level IPR protection and enforcement, and to sustain and enhance joint leadership on IPR issues;
- Seek new opportunities to advance and defend the interests of U.S. creators, innovators, businesses, farmers, and workers with respect to strong protection and effective enforcement of intellectual property rights, including their ability to compete in foreign markets;

State-Owned Enterprises:

- Seek to establish appropriate, globally relevant disciplines on state trading enterprises, state-owned enterprises, and designated monopolies, such as disciplines that promote transparency and reduce trade distortions;

Small- and Medium-Sized Enterprises (SMEs):

- Seek to strengthen U.S.-EU cooperation to enhance the participation of SMEs in trade between the United States and the EU;

Transparency, Anticorruption, and Competition:

- Seek to obtain improved transparency in the administration of EU and Member State trade and investment regimes, and rules that ensure trade- and investment-related measures are adopted and applied in an open and transparent manner that provides meaningful opportunities for public comment, notice, and review;
- Seek to obtain appropriate commitments on anticorruption;
- Seek to address matters of mutual interest regarding competition policy and process and to further improve cooperation on competition policy;

Dispute Settlement:

- Seek to establish fair, transparent, timely, and effective procedures to settle disputes on matters arising under a trade and investment agreement with the EU, including through early identification and settlement of disputes through consultation.

As we develop negotiating positions, we will take into account other important U.S. objectives, including, but not limited to, the protection of health, safety, environment, essential security, and consumer interests.

We commit to working closely with you to further develop U.S. objectives and negotiating proposals for this historic and important new agreement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Demetrios Marantis". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Ambassador Demetrios Marantis
Acting United States Trade Representative