

Interim Report to Leaders from the Co-Chairs
EU-U.S. High Level Working Group on Jobs and Growth

June 19, 2012

Introduction

Transatlantic trade and investment constitute the largest economic relationship in the world, a relationship that is vital to the strength of our economies. The United States and the EU are committed to identifying new ways to strengthen this vibrant economic partnership.

During their 28 November 2011 Summit meeting, U.S. and EU leaders established the High Level Working Group on Jobs and Growth and tasked it to identify policies and measures to increase trade and investment to support mutually beneficial job creation, economic growth, and competitiveness, working closely with public and private sector stakeholder groups, and drawing on existing dialogues and mechanisms, as appropriate.

As Leaders requested, the High Level Working Group has made significant progress in analysing jointly a wide range of potential options for expanding transatlantic trade and investment. These include, but are not limited to, the following:

- Elimination or reduction of conventional barriers to trade in goods, such as tariffs and tariff-rate quotas.
- Elimination, reduction, or prevention of barriers to trade in goods, services, and investment.
- Opportunities for enhancing the compatibility of regulations and standards.
- Elimination, reduction, or prevention of unnecessary “behind the border” non-tariff barriers to trade in all categories.
- Enhanced cooperation for the development of rules and principles on global issues of common concern and also for the achievement of shared economic goals relating to third countries.

The High Level Working Group has 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 of the various options we have considered. A comprehensive agreement could include ambitious reciprocal market opening in goods, services, and investment, and address the challenges of modernising trade rules and enhancing the compatibility of regulatory regimes. Combined with increasingly productive U.S.-EU cooperation on trade issues of common concern, such an initiative could promote a forward-looking agenda for multilateral trade liberalisation.

While the work of the High Level Working Group has identified mutually beneficial areas in

which the United States and the EU could likely agree, it has also identified certain areas in which further substantive work is required before a more definitive recommendation can be made. If we are able to address these issues in a satisfactory manner, we would envision pursuing a comprehensive agreement with the following elements.

Tariffs

The goal would be to eliminate all duties on bilateral trade, with the shared objective of achieving a substantial elimination of tariffs upon entry into force and a phasing out of all but the most sensitive tariffs in a short time frame. In the course of negotiations, both sides would consider options for the treatment of the most sensitive products.

Regulatory Issues and Non-Tariff Barriers

The shared ambition would be to progressively move to a more integrated transatlantic marketplace, while respecting fully the right of each side to regulate in a manner that ensures the protection of health, safety, and the environment at the level that each side deems appropriate. The two sides would therefore seek to negotiate:

- An ambitious “SPS-plus” chapter, including establishing a bilateral forum for improved dialogue and cooperation on SPS issues.
- An ambitious “TBT-plus” chapter, including establishing a bilateral forum for addressing bilateral trade issues arising from technical regulations, conformity assessment procedures, and standards.
- Horizontal disciplines on regulatory coherence and transparency for goods and services, including early consultations on significant regulations, impact assessment, upstream regulatory cooperation, and good regulatory practices.
- Provisions or annexes containing additional commitments or steps aimed at promoting regulatory compatibility over time in specific, mutually agreed sectors.

In view of the importance of developing an ambitious and realistic approach to regulatory differences that unnecessarily impede trade, the two sides would invite stakeholders to present, before the end of the year, concrete proposals to address the impact on trade of those differences. Such proposals would be reviewed by both sides with the aim of developing during the course of negotiations concrete action plans to reduce unnecessary regulatory costs and promote regulatory compatibility, while respecting legitimate regulatory objectives.

Services

The aim of negotiations would be to bind the existing autonomous level of liberalisation of both parties at the highest level of liberalisation captured in existing FTAs, while seeking to achieve new market access through efforts to address remaining long-standing market access barriers, recognising the sensitive nature of certain sectors. Furthermore, the United States and the EU would include binding commitments to provide transparency, impartiality and due process with regard to licensing and qualification requirements and procedures, as well as enhancing the regulatory principles included in current U.S. and EU FTAs.

Investment

The aim would be to negotiate investment liberalisation and protection provisions on the basis of the highest levels of liberalisation and protection that both sides have negotiated to date.

Procurement

The goal of the negotiations would be to enhance business opportunities through substantially improved access to government procurement opportunities at all levels of government on the basis of national treatment.

IPR

Both the EU and the United States are committed to a high level of intellectual property protection, including enforcement, and cooperate extensively through the Transatlantic IPR Working Group. Both sides agree that it would not be feasible in negotiations to seek to reconcile across the board differences in the IPR obligations that each typically includes in its comprehensive trade agreements. Before the launch of any negotiations, both sides would further consult on possible approaches to deal with IPR matters in a mutually satisfactory manner.

Rules

In several additional areas that are important to trade and investment, the two sides would aim to develop a set of 21st century rules, which could be of relevance not only for bilateral commerce but also contribute to rule-making in third-country policies and trade agreements and at the multilateral level. The following areas have been provisionally identified as possible components of a comprehensive agreement: (a) trade facilitation/customs; (b) trade-related aspects of competition and state-owned enterprises; (c) trade-related aspects of labour and environment; (d) horizontal provisions on small- and medium-sized enterprises; (e) strengthening supply chains; and (f) access to raw materials and energy.

Conclusion

Based on our work thus far, the co-chairs of the High Level Working Group believe that a comprehensive transatlantic trade and investment agreement, if achievable, is the option that has the greatest potential for supporting jobs and promoting growth and competitiveness across the Atlantic.

At the same time, careful preparation is needed to ensure that such a negotiation, if undertaken, would deliver concrete results and would be concluded in a timely manner. The High Level Working Group will work as expeditiously as possible in the coming months, in consultation with public and private sector stakeholders, to continue to analyse the different components of a comprehensive transatlantic agreement and make a final recommendation to Leaders.