



EU-US Trade Relations

A Lever for Growth & Jobs

Lisbon Council & PPI
Data-Driven Productivity & Trade
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Damien LEVIE
Head of Unit
USA & Canada
DG TRADE

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Top trading partners

- World's largest trade market
 - 50% of world GDP and 1/3 of world trade
 - €1.8 billion/day and €723 billion/year of goods and services traded
- 15 million transatlantic jobs
- €2,4 trillion of mutual investment stocks

However, relative importance is in decline

TTIP time

"Old movie"

Trade = growth at minimal cost to taxpayer

Potential not fully exploited:

- Tariff average: 3% EU: 5.2% US: 3.5%
- Trade-weighted tariff protection: US: 2.1% EU: 2.8%
- Barriers at and behind borders : similar aims, different approaches

DDA Impasse & new global trade rules

TTIP time (2)

Ambitious bilateral trade and investment agendas

Stars aligned

People



Preparatory Work: EU-US High-Level Working Group on Growth and Jobs (HLWG)

To identify policies & measures to increase trade and investment

Stakeholders: January, June, Sept / October 2012

Final report, 13 February 2013

Essential points of Final Report

- **First**, dismantling traditional tariffs + head-way on market access issues in public procurement, services and investment
- **Second**, main focus barriers which are behind the customs border (technical regulations, standards & certifications), equivalent to a traditional tariff of 10-20%
- **Finally**, develop global rules and standards ► future business environment.

Essential points of Final Report (ct'd)

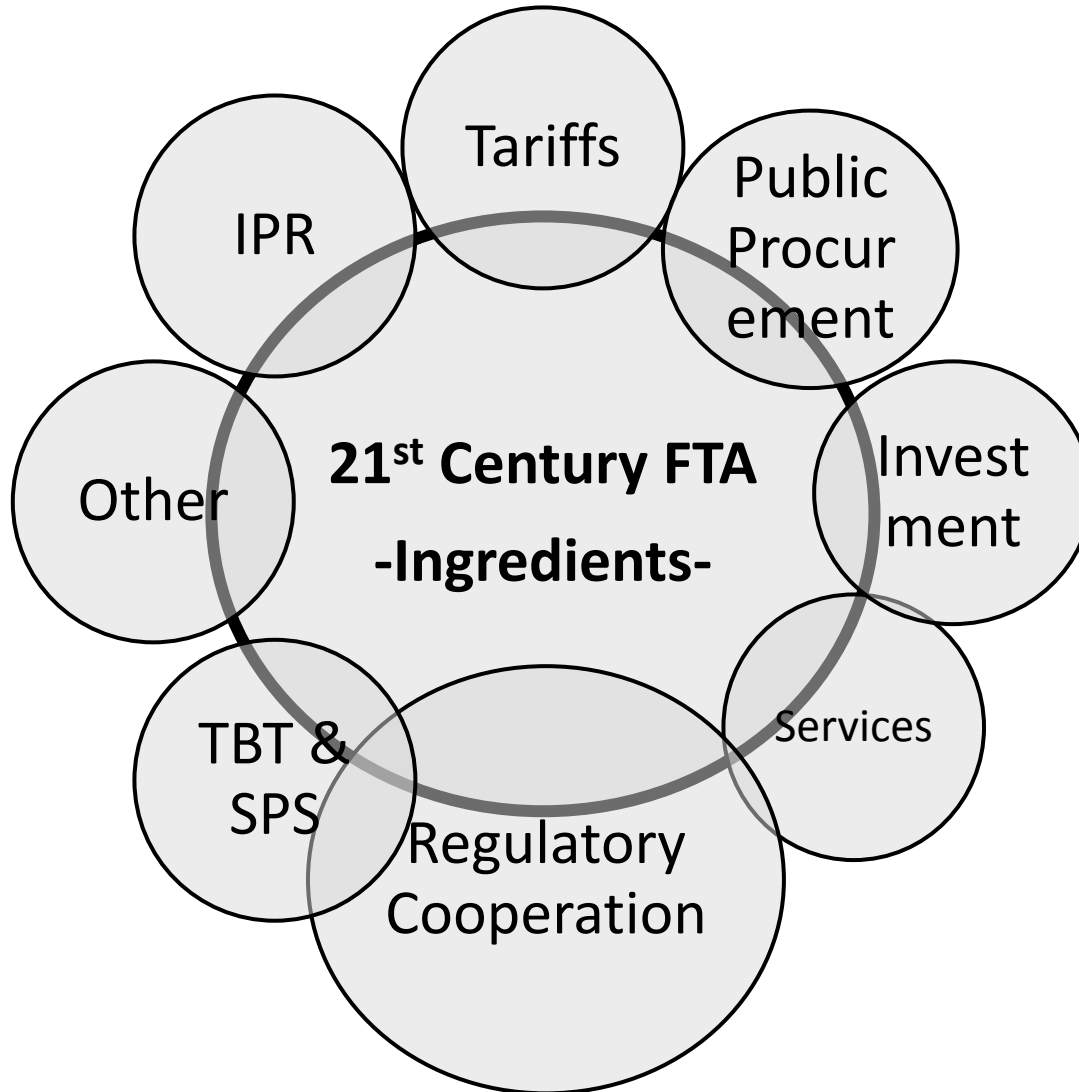
- **Example:** new forms of anticompetitive policy and behaviour, including:
- "Localization barriers to trade: measures designed to protect, favour, or stimulate domestic industries, services providers, or intellectual property at the expense of imported goods, services, or foreign-owned or foreign-developed IP;

Impact Assessment - Economic findings

- Significant economic gains both EU & US:
 - 0,5 % increase in EU GDP by 2027
 - 68-119bio €/year (EU), 50-95bio €/year (US)
- 545€ extra disposable income for families
- Increased trade
 - EU exports to US up by 28% (187 bio €)
 - Total EU exports up 220 bio € (3rd countries included)
- Labour market: benefits both in terms of overall wages and new job opportunities for high- and low-skilled workers

Impact Assessment – Sectoral Benefits

	Output (in %)		Bilateral exports (in %)		Bilateral exports (in Million EUR)	
	EU	US	EU exports to US	US exports to EU	EU exports to US	US exports to EU
Agriculture forestry fisheries	0.06	0.00	15.10	21.80	1,743	1,102
Other primary sectors	0.02	0.05	0.60	0.40	55	41
Processed foods	0.57	-1.13	45.50	74.80	13,405	4,083
Chemicals	0.37	-0.40	36.20	34.20	29,895	27,273
Electrical machinery	-7.28	-2.04	35.00	44.10	2,555	8,304
Motor vehicles	1.54	-2.78	148.70	346.80	87,358	65,903
Other transport equipment	-0.08	0.83	25.50	27.80	9,037	10,318
Other machinery	0.37	1.66	6.60	16.70	7,448	7,810
Metals and metal products	-1.50	0.45	68.20	88.10	12,516	18,778
Wood and paper products	0.08	-0.02	19.90	42.50	3,209	2,918
Other manufactures	0.79	0.26	22.80	16.70	11,132	6,170
Water transport	0.99	0.42	6.80	7.10	23	42
Air transport	0.44	0.39	1.60	2.20	333	374
Finance	0.42	-0.11	8.50	4.90	3,517	1,240
Insurance	0.83	-0.44	8.30	7.40	3,333	264
Business services	0.25	0.07	2.30	5.40	1,545	1,931
Communications	0.17	0.32	0.90	10.50	51	685
Construction	0.53	0.39	3.10	6.60	71	155
Personal services	0.26	0.38	2.30	13.80	228	964
Other services	0.28	0.18	-1.00	1.50	-491	744



Data-driven trade

21st century trade issue : Reconcile cross-border flow of data (industry) vs. data privacy/protection (other stakeholders)

Industry exchange data to sustain a business model based on global value chains

- Increased importance of cloud computing / relocation
- Problems faced: Strict localisation measures by 3rd countries (e.g. Malaysia, Vietnam, Korea)

Data-driven trade

Currently, data transfer to 3rd countries:

- "adequate level of protection" by the 3rd country:
12 countries so far (e.g. CH, ARG, CAN, US 'Safe harbour')
- Alternatives: consent by the data subject, standard contractual clauses or Binding Corporate Rules

EU: ambitious reform package under discussion

- In EP & Council hands: Adoption by end of 2013?

Data-driven trade (2)

Important issue in the context of TTIP

- Data on data flows?
- Privacy & data protection is important on both sides. Strong commitment to resolve shared privacy challenges.
- We are ready to explore provisions to facilitate data flows, it being understood that any transfer of data has to be in compliance with privacy legislation.

Timing

- ✓ Impact assessment (13 March 2013)
- ✓ Commission recommendation for a mandate (13 March 2013)
- ✓ Parallel launch procedures
 -  Adoption of negotiation mandate: Trade Council in June (tbc)
 -  Letter of notification US Congress (90-day period)

Negotiations: asap after mandate is adopted

One tank of gas