

Procedure file

| Basic information | | |
|--|--------------------------------|---------------------|
| INI - Own-initiative procedure | 2012/2149(INI) | Procedure completed |
| Trade and economic relations with the United States | | |
| Subject 6.20.03 Bilateral economic and trade agreements and relations | | |
| Geographical area United States | | |

| Key players | | | |
|---------------------|---|---|------------|
| European Parliament | Committee responsible | Rapporteur | Appointed |
| | INTA International Trade | | 11/07/2012 |
| | | S&D MOREIRA Vital | |
| | | Shadow rapporteur | |
| | | PPE QUISTHOUDT-ROWOHL Godelieve | |
| | | ALDE SCHAAKE Marietje | |
| | | Verts/ALE JADOT Yannick | |
| | | ECR STURDY Robert | |
| | Committee for opinion | Rapporteur for opinion | Appointed |
| | IMCO Internal Market and Consumer Protection | The committee decided not to give an opinion. | |
| European Commission | Commission DG Trade | Commissioner DE GUCHT Karel | |

| Key events | | | |
|------------|--|---|---------|
| 13/09/2012 | Committee referral announced in Parliament | | |
| 11/10/2012 | Vote in committee | | |
| 15/10/2012 | Committee report tabled for plenary | A7-0321/2012 | Summary |
| 22/10/2012 | Debate in Parliament |  | |
| 23/10/2012 | Results of vote in Parliament |  | |
| 23/10/2012 | Decision by Parliament | T7-0388/2012 | Summary |
| 23/10/2012 | End of procedure in Parliament | | |

| Technical information | |
|----------------------------|--------------------------------|
| Procedure reference | 2012/2149(INI) |
| Procedure type | INI - Own-initiative procedure |
| Procedure subtype | Initiative |
| Legal basis | Rules of Procedure EP 54 |
| Stage reached in procedure | Procedure completed |
| Committee dossier | INTA/7/09767 |

| Documentation gateway | | | | | |
|---|--|------------------------------|------------|----|---------|
| Committee draft report | | PE492.852 | 07/09/2012 | EP | |
| Amendments tabled in committee | | PE496.471 | 21/09/2012 | EP | |
| Committee report tabled for plenary, single reading | | A7-0321/2012 | 15/10/2012 | EP | Summary |
| Text adopted by Parliament, single reading | | T7-0388/2012 | 23/10/2012 | EP | Summary |
| Commission response to text adopted in plenary | | SP(2013)71 | 01/03/2013 | EC | |

Trade and economic relations with the United States

The Committee on International Trade adopted the own-initiative report by Vital MOREIRA (S&D, PT) on trade and economic relations with the United States, welcoming the Interim Report of the EU-US High-Level Working Group on Jobs and Growth (HLWG) of June 2012 which 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. Members note that although the economic relationships between the EU and the US are among the most open in the world, and although transatlantic markets are deeply integrated through large flows of trade and investment (with a bilateral trade volume of EUR 702.6 billion, and a bilateral investment stock valued at EUR 2.394 trillion, in 2011), there is a general consensus that the potential of the transatlantic relationship is far from being fully exploited. They recall a study carried out in 2009 for the Commission identified the most important non-tariff measures that affect trade between the EU and the US, and estimated their economic impact, suggesting that the removal of half of such existing measures and regulatory divergences would translate into an increase in GDP of EUR 163 billion until 2018 on both sides of the North Atlantic.

The report stresses that in order to ensure long-term prosperity and employment, a joint commitment, and effort, is needed to create new opportunities for businesses, to promote entrepreneurship and to capitalise on the advantages offered by the uniquely integrated transatlantic market. It encourages the HLWG to continue its work preparing an ambitious yet feasible set of objectives and concrete deliverables for the negotiations of such a comprehensive bilateral trade and investment agreement, which would be consistent with (and supportive of) the WTO framework. It asks for the final result of HLWGs work by the end of 2012, and for negotiations to be launched in the first half of 2013, building on the present political momentum, and on the support of industry, to enable a swift and successful conclusion to the negotiations.

Members emphasises that while the specific interests and sensitivities of both partners must be safeguarded in a balanced way, there are many areas where progress would be greatly beneficial, in particular:

- the removal of trade barriers;
- the introduction of measures to ensure better market access, including for investment;
- the protection of intellectual property rights (IPR);
- the opening up of public procurement markets to ensure full reciprocity,
- the clarification, simplification and harmonisation of rules of origin;
- the convergence on mutual recognition of regulatory standards, and not adhering to a minimum required standard based on the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), but striving jointly to enhancing quality and cooperation when dealing with EU and US divergent standards;.
- the protection of geographical indications in bilateral agricultural trade with Members supporting the complete cancelation of export refunds in EU-US agricultural trade.

Members recognise that even though the average tariffs on transatlantic trade in goods are comparatively low, the vast size of the EU-US commercial relationship means there is a strong interest eliminating remaining tariffs. However, a tariff-only free trade agreement would not be ambitious enough given that the largest economic gains are to be had in reducing the level of non-tariff barriers. The committee supports the goal proposed by the HLWG of eliminating all duties on bilateral trade, considering that EU-US bilateral trade to a large extent consists of intra-firm trade.

It recognises that, while an agreement may not resolve all existing regulatory issues immediately, an institutionalisation of compatibility between EU and US regulatory regimes would greatly facilitate transatlantic commerce while setting a bold global standard. Members also reiterate the necessity of fully respecting the right of each side to regulate in a manner that ensures the protection of health, product safety and

environment at the level that each side deems appropriate, as well as taking into account historical transatlantic divergence on issues such as the planting of genetically modified organisms and certain questions regarding animal welfare. They call on the stakeholders to make full use of the invitation launched by the HLWG to present, before the end of 2012, concrete proposals to address the impact on trade of the regulatory differences that unnecessarily impede trade, urging stakeholders on both sides of the Atlantic to work together where possible to establish joint positions.

The committee goes on to make a series of recommendations on issues including data privacy and the rising cyber security threat, intellectual property rights, the service sector, public services and financial markets.

It underlines that the EU and the US maintain highly different definitions of public services and services of general economic interest, and recommends precise definitions of these terms, noting that increased regulatory coherence in services could also improve the integration of the single market in services within the EU and the US. Members call for greater cooperation in the exchange of best practices in order to improve transatlantic public sector efficiency and recommend increased mutual dialog on the future of cloud computing, as well as the advances and production of electric vehicles.

They also call for every effort to be made towards the creation of truly open and integrated transatlantic financial services and digital markets, and encourage the discussion of the inclusion of a financial services chapter, stating that it is necessary to tackle the issues of equivalence, convergence and extraterritoriality as those are critical to understanding how the EU and the US can face both the uncertainty of their own current economic and financial problems as well as facing global standard setting and competing models to financial regulation and supervision.

The committee goes on to call for the restrictions on foreign ownership of US airlines to be reformed, and argues that the lack of reciprocity between EU and US rules in both maritime and air transport, as well as the ongoing imbalance between EU firms ability to undertake cabotage in the US market and US firms ability to do so here, is a hurdle that must be overcome in order to unlock the true potential of the transatlantic economic relationship.

Lastly, Members underline the need for close involvement of the relevant parliamentary committees. They consider that the transatlantic dialogue, in order to be successful, needs to be further intensified at all levels, and that high-level meetings, not only between the Commission and US Administration but also between members of relevant committees of Parliament and the US Congress, should be held on a more regular basis. They state that it would be a welcome development should the US Congress decide to follow the example of Parliament, which has, since January 2010, been represented in Washington through its Liaison Office.

Trade and economic relations with the United States

The European Parliament adopted by 526 votes to 94, with 7 abstentions, a resolution on trade and economic relations with the United States.

Parliament recalls that following the EU-US Summit in November 2011, the EU-US Transatlantic Economic Council (TEC) established the High Level Working Group (HLWG) and tasked it to identify options for increasing trade and investment to support mutually beneficial job creation, economic growth and competitiveness. It welcomes the fact that the HLWG has jointly analysed a wide range of potential options for expanding transatlantic trade and investment, and has in its Interim Report of June 2012 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

It notes that although the economic relationships between the EU and the US are among the most open in the world, and although transatlantic markets are deeply integrated through large flows of trade and investment (with a bilateral trade volume of EUR 702.6 billion, and a bilateral investment stock valued at EUR 2.394 trillion, in 2011), there is a general consensus that the potential of the transatlantic relationship is far from being fully exploited. It recalls a study carried out in 2009 for the Commission identified the most important non-tariff measures that affect trade between the EU and the US, and estimated their economic impact, suggesting that the removal of half of such existing measures and regulatory divergences would translate into an increase in GDP of EUR 163 billion until 2018 on both sides of the North Atlantic. In this context, the EU-US partnership would constitute the most important economic relationship at global level. Parliament calls on the HLWG to reach a comprehensive agreement that would include an ambitious reciprocal market opening in goods, services and investment, and address the challenges of modernising trade rules and enhancing the compatibility of regulatory regimes. It encourages the HLWG to continue its work preparing an ambitious yet feasible set of objectives and concrete deliverables for the negotiations of such a comprehensive bilateral trade and investment agreement, which would be consistent with (and supportive of) the WTO framework.

Parliament stresses that in order to ensure long-term prosperity and employment, a joint commitment, and effort, is needed to create new opportunities for businesses, to promote entrepreneurship and to capitalise on the advantages offered by the uniquely integrated transatlantic market. Specifically, it calls for negotiations between the EU and the US and other partners on how to work collectively to tackle the environmental crisis and climate change. It calls also for more joint commitment to achieve financial market stability.

Negotiations: by 516 to 102 votes, with 8 abstentions, Parliament calls following careful and thorough preparation and consultation, for negotiations to be launched in the first half of 2013, building on the present political momentum, and on the support of industry, to enable a swift and successful conclusion to the negotiations.

While supporting EU interests in fields such as environmental, health and animal protection standards, food safety, cultural diversity, labour rights, consumers' rights, financial services, public services or geographical indications, among others, while also ensuring that the specific interests and sensitivities of both partners are safeguarded in a balanced way, Parliament considers there are many areas where progress would be greatly beneficial, in particular regarding:

- the removal of trade barriers;
- the introduction of measures to ensure better market access, including for investment;
- the protection of intellectual property rights (IPR);
- the opening up of public procurement markets to ensure full reciprocity,
- the clarification, simplification and harmonisation of rules of origin;
- the convergence on mutual recognition of regulatory standards, and not adhering to a minimum required standard based on the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), but striving jointly to enhancing quality and cooperation when dealing with EU and US divergent standards;.

- the protection of geographical indications in bilateral agricultural trade with Members supporting the complete cancellation of export refunds in EU-US agricultural trade.

Even though the average tariffs on transatlantic trade in goods are comparatively low, the vast size of the EU-US commercial relationship means there is a strong interest eliminating remaining tariffs. However, a tariff-only free trade agreement would not be ambitious enough given that the largest economic gains are to be had in reducing the level of non-tariff barriers. Parliament supports the goal proposed by the HLWG of eliminating all duties on bilateral trade, with the objective of achieving a substantial elimination of tariffs upon entry into force of the agreement and a phasing out of all but the most sensitive tariffs in short time-frame. Parliament reinforces the HLWG's claim that any deal negotiated that would exclude regulatory cooperation and reform would be economically insignificant and politically untenable on both sides. It stresses that regulatory compatibility is the foremost challenge of an ambitious transatlantic agreement, and recalls in this respect that regulatory differences and behind-the-border measures constitute a particular barrier to trade for small and medium-sized enterprises (SMEs)

It also recognises that, while an agreement may not resolve all existing regulatory issues immediately, an institutionalisation of compatibility between EU and US regulatory regimes would greatly facilitate transatlantic commerce while setting a bold global standard. Members also reiterate the necessity of fully respecting the right of each side to regulate in a manner that ensures the protection of health, product safety and environment at the level that each side deems appropriate, as well as taking into account historical transatlantic divergence on issues such as the planting of genetically modified organisms and certain questions regarding animal welfare.

Parliament calls on the stakeholders to make full use of the invitation launched by the HLWG to present, before the end of 2012, concrete proposals to address the impact on trade of the regulatory differences that unnecessarily impede trade, urging stakeholders on both sides of the Atlantic to work together, where possible, to establish joint positions.

Other issues: the resolution goes on to make a series of recommendations on issues including data protection standards, cyber security threat and e-commerce. It recognises that expanding trade in services, and taking steps to promote investment and procurement, should be a key component of any future transatlantic agreement, in order to bring additional benefits to both economies. Parliament calls for greater cooperation in the exchange of best practices in order to improve transatlantic public sector efficiency; recommends increased mutual dialog on the future of cloud computing, as well as the advances and production of electric vehicles. It calls, in particular, for every effort to be made towards the creation of truly open and integrated transatlantic financial services and digital markets, given the positive effects this would have on both sides of the Atlantic in a reasonably short time frame. It is also strongly convinced that it is necessary to tackle the issues of equivalence, convergence and extraterritoriality as those are critical to understanding how the EU and the US can face both the uncertainty of their own current economic and financial problems as well as facing global standard setting and competing models to financial regulation and supervision.

Parliament goes on to call for:

- the restrictions on foreign ownership of US airlines to be reformed, arguing that the lack of reciprocity between EU and US rules in both maritime and air transport, as well as the ongoing imbalance between EU firms ability to undertake cabotage in the US market and US firms ability to do so in the Union, is a hurdle that must be overcome;
- the further opening up of the parties public procurement markets to each other in a bid to achieve full reciprocity and transparency in this field;
- the significance that high standards be maintained for IPR protection and enforcement, while promoting the free flow of information and access to the internet.

Lastly, Parliament calls for the HLWG to build on the experience and achievements of the TEC and underlines the need for close involvement of the relevant parliamentary committees. It considers that the transatlantic dialogue, in order to be successful, needs to be further intensified at all levels, not only between the Commission and US Administration but also between members of relevant committees of Parliament and the US Congress. It considers that it would be a welcome development should the US Congress decide to follow the example of Parliament, which has, since January 2010, been represented in Washington through its Liaison Office.

It should be noted that an alternative motion for resolution tabled by the GUE/NGL group was rejected in plenary.