NATIONAL DISTRICT EXPORT COUNCIL
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TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP)

What is the Transatlantic Trade and Investment Partnership?

The Transatlantic Trade and Investment Partnership (TTIP) is a comprehensive trade and investment agreement between the United States and the European Union that is in the preliminary stages of negotiation. This agreement will reduce and remove tariffs and trade barriers in manufactured goods, services, and agricultural products; liberalize investment regimes; increase access to government procurement; and protect intellectual property.

What is the Background of the TTIP?

The idea of a trade agreement between the EU and the U.S. is not new. In fact, before launching negotiations, in 2011 the U.S. and EU set up a High Level Working Group on Jobs and Growth (HLWG) to investigate what kind of trade and investment agreement between the two economic powers might be developed. The HLWG concluded that a wide-ranging trade and investment agreement between the world's two largest economies presented the best opportunity for advancing economic growth and jobs on both sides of the Atlantic.

What is the Nature of the U.S.-EU Economic Relationship?

More than $1.5 trillion in goods, services, and income receipts flow between the United States and the European Union annually. Together the U.S. and EU represent 60% of global GDP, 33% of world trade in goods and 42% of world trade in services. U.S. firms have direct investments of nearly $2 trillion in the EU, which is 20 times greater than what they have invested in China. These European investments generate some $3 trillion in annual revenues for American companies that have invested in the European Union to sell their goods to its more than 500 million citizens. The numbers are similar for European firms' investments in the United States. The two economies are so closely integrated that about 40% of U.S.-EU trade is intra-firm.

What are the Goals of the TTIP?

The goal of TTIP is to remove trade barriers in a wide range of economic sectors so as to make it easier to buy and sell goods and services between the U.S. and the EU, and to make it easier for U.S. and EU companies to invest in each other's economy. This will be accomplished by further opening EU markets to U.S. exporters; strengthening rules-based investment to grow the world's largest investment relationship; eliminating all tariffs on trade; tackling non-tariff barriers that impede the flow of goods, including agricultural goods; obtaining improved market access regarding trade in services; developing rules on issues of global concern, including intellectual property; and promoting the global competitiveness of small and medium-sized enterprises.

What will be the Benefits of the TTIP?

TTIP is an ambitious, comprehensive, and high-standard trade and investment agreement that will offer significant benefits in terms of promoting U.S. international competitiveness, jobs, and growth. TTIP 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. Estimates are that TTIP will grow the EU's economy by €120 billion, the U.S. economy by €90 billion and the rest of the world by €100 billion.

While European and U.S. tariffs are often low, the sheer volume of trans-Atlantic commerce is so large that one-third of all tariffs on U.S. exports to the world are paid to the EU. Eliminating trans-Atlantic tariffs will increase U.S.-EU trade by more than $120 billion within five years. It will also generate GDP gains of $180 billion–a budget-neutral gain for the U.S. and EU economies.

In addition to eliminating tariffs, two of the greatest benefits of TTIP will be the improvement in compatibility of the U.S. and EU regulatory regimes and the liberalization of investment, services, and procurement. These benefits will support jobs and promote growth and competitiveness across the Atlantic.

<u>What is the latest status of the TTIP?</u>

EU and U.S. negotiators held a third round of talks in Washington D.C. between 16 and 20 December 2013. Negotiators are planning discussions in early 2014, in order to make additional progress before the fourth round, which will be scheduled during the first quarter of 2014 in Brussels.

Sources: USTR office; EU trade office; U.S. Chamber of Commerce