

Trade and economic relations with the United States

European Parliament resolution of 23 October 2012 on trade and economic relations with the United States (2012/2149(INI))

The European Parliament,

- having regard to the Joint Statement of the EU-US Summit issued on 28 November 2011¹ and the Joint Statement of the EU-US Transatlantic Economic Council (TEC) issued on 29 November 2011²,
- having regard to the bipartisan letters of 22 February 2012, from 20 US Senators, and of 14 May 2012, from 51 Members of the US House of Representatives, to US President Barack Obama,
- having regard to the letter of 19 March 2012 from four Members of the Committee on International Trade of the Parliament to Commission President José Manuel Barroso and European Council President Herman Van Rompuy in support of the EU-US High-Level Working Group on Jobs and Growth (HLWG),
- having regard to the Joint Declaration of the G8 Summit held in Camp David, United States, on 18-19 May 2012³, and to the Joint Declaration of the G20 Summit held in Los Cabos, Mexico, on 18-19 June 2012⁴,
- having regard to the ‘Interim Report to Leaders’ of 19 June 2012 from the HLWG⁵,
- having regard to the Joint Statement of 19 June 2012 by US President Barack Obama, European Commission President José Manuel Barroso and European Council President Herman Van Rompuy⁶,
- having regard to the conclusions of the European Council of 28-29 June 2012, as well as the ‘Compact for Growth and Jobs’ annexed thereto⁷,
- having regard to its earlier resolutions, in particular the resolution of 1 June 2006 on EU-US transatlantic economic relations⁸, of 22 May 2007 on Global Europe – external aspects of competitiveness⁹, of 19 February 2008 on the EU’s strategy to deliver market access for European companies¹⁰, of 5 June 2008 on implementing trade policy through efficient

¹ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/126389.pdf

² http://trade.ec.europa.eu/doclib/docs/2011/november/tradoc_148385.pdf

³ <http://www.whitehouse.gov/the-press-office/2012/05/19/camp-david-declaration>

⁴ http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/131069.pdf

⁵ http://trade.ec.europa.eu/doclib/docs/2012/june/tradoc_149557.pdf

⁶ <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/462>

⁷ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/131388.pdf

⁸ OJ C 298 E, 8.12.2006, p. 235.

⁹ OJ C 102 E, 24.4.2008, p.128.

¹⁰ OJ C 184 E, 6.8.2009, p. 16.

import and export rules and procedures¹, of 9 July 2008 on the World Trade Organisation disputes between the European Union and the United States on alleged subsidies to Airbus and Boeing², of 5 February 2009 on enhancing the role of European SMEs in international trade³, of 11 November 2010 on the forthcoming EU-US Summit and the Transatlantic Economic Council⁴, of 6 April 2011 on the future European international investment policy⁵, of 27 September 2011 on a New Trade Policy for Europe under the Europe 2020 Strategy⁶, of 17 November 2011 on the EU-US Summit of 28 November 2011⁷, and of 13 December 2011 on trade and investment barriers⁸,

- having regard to the Joint Statement of the 72nd Interparliamentary Meeting of the Transatlantic Legislators' Dialogue (TLD) held in Copenhagen on 9-10 June 2012 and in Strasbourg on 11 June 2012,
 - having regard to the study of 11 December 2009, prepared for the Commission by ECORYS Nederland, entitled 'Non-Tariff Measures in EU-US Trade and Investment – An Economic Analysis'⁹,
 - having regard to Articles 207(3) and 218 of the Treaty on the Functioning of the European Union,
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A7-0321/2012),
- A. whereas the EU and the US are each-others main trading partners, the two economies together accounting for about half of the global economic output and nearly a third of world trade flows, making it the largest economic relationship in the world;
- B. whereas, 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, whereas the EU and US share common values, similar legal systems and high standards of labour and environmental protection, and should exploit these synergies to secure the growth and jobs both partners need, and whereas 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;

¹ OJ C 285 E, 26.11.2009, p.1.

² OJ C 294 E, 3.12.2009, p.33.

³ OJ C 67 E, 18.3.2010, p. 101.

⁴ OJ C 74 E, 13.3.2012, p. 1.

⁵ OJ C 296 E, 2.10.2012, p. 34.

⁶ Texts adopted, P7_TA(2011)0412.

⁷ Texts adopted, P7_TA(2011)0510.

⁸ Texts adopted, P7_TA(2011)0565.

⁹ http://trade.ec.europa.eu/doclib/docs/2009/december/tradoc_145613.pdf

- C. whereas, in the continuing economic crisis, the global economy remains vulnerable, seriously affecting jobs, trade, development, and the environment; whereas the ongoing financial and economic crises, both in the EU and in the US, are threatening the stability and prosperity of our economies and the welfare of our citizens, and the lack of coordination of financial regulation is causing unnecessary barriers to trade, calling for a closer economic cooperation between the EU and the US, in order to make use of the benefits of international trade in overcoming these crises;
- D. whereas the moderate growth of global trade exchanges over the past three years has significantly contributed to mitigating the negative effects of the economic crisis, in particular in the EU and the US, proving that trade plays an important role in determining growth and employment;
- E. whereas, following the EU-US Summit in November 2011, the TEC established the HLWG and tasked it to identify options for increasing trade and investment to support mutually beneficial job creation, economic growth and competitiveness;
- F. whereas the bipartisan letters sent to the US President by US Senators and by Members of the US House of Representatives, as well as the letter by four Members of the European Parliament's Committee on International Trade, including its Chairman, urged the HLWG to quickly formulate ambitious proposals to stimulate trade and investment between EU and US, and to remove unnecessary barriers to transatlantic trade and investment; whereas both letters emphasise a need to make increased trade and investment with the EU a priority, and specifically support efforts to address regulatory barriers (and, to achieve closer cooperation between regulators, non-tariff barriers), the reduction of tariffs to zero where possible, the trade in services, investment, and the further opening up of our public procurement markets to each other;
- G. whereas, in its resolution of 27 September 2011 on a New Trade Policy for Europe under the Europe 2020 Strategy, the European Parliament called for further development of the ambitious evolving Transatlantic Growth and Jobs Initiative;
- H. whereas also the private sector in the US has expressed support for making Europe a priority in US trade policy again, and whereas the private stakeholders in both the EU and the US have shown support for an ambitious and comprehensive agreement and believe that advancing a closer EU-US economic cooperation would send a powerful pro-growth signal to investors and business within the EU and the US as well as internationally;
- I. whereas the development of common standards between the EU and the US would have an automatic positive spill-over effect on North American Free Trade Agreement (NAFTA) countries, a more harmonised regulatory environment between the EU and the US would be beneficial in general, and the further integration of the world's most integrated commercial market would be historically unprecedented;
- J. whereas the US is the EU's second-largest trading partner in agricultural products, while the EU exports mainly high quality products to the US, which means that non-tariff trade barriers and geographical indications of origin are of the greatest significance to the EU's agricultural sector;
- K. whereas 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;

- L. whereas the Joint Statement of presidents Obama, Barroso and Van Rompuy welcomes the Interim Report of the HLWG, stating that a bold initiative to expand trade and investment could make a significant contribution to transatlantic strategy to strengthen growth and create jobs;
 - M. whereas the EU is determined to promote free, fair and open trade whilst, at the same time, asserting its interests in a spirit of reciprocity and mutual benefit, especially in relation to the world's largest economies;
 - N. whereas the HLWG has entered the last leg of mapping out how to tackle any eventual negotiation to boost growth and jobs through a EU-US trade partnership, and is expected to present its final report before the end of 2012;
 - O. whereas the Commission has expressed hopes of starting possible negotiations already early in 2013 and to complete the negotiations before the end of the term of the current Commission;
 - P. whereas an open, predictable, rule-based and transparent multilateral trading system established through the World Trade Organisation (WTO) continues to represent the most suitable framework for achieving free, fair and equitable trade on a global basis, whereas it has so far proven impossible to conclude the Doha Development Agenda (DDA) negotiations, and whereas even though strengthening the multilateral system remains a crucial objective, it does not preclude bilateral agreements going beyond WTO commitments and being complementary to multilateral rules;
1. Considers that trade and foreign investment must be better used to stimulate smart, strong, sustainable, balanced, inclusive and resource-efficient growth, leading to higher job creation and increasing the welfare of people across the world; welcomes the commitment of the G8 and G20 leaders to open trade and investment, expand markets and resist protectionism in all its forms, which are necessary conditions for sustained global economic recovery, jobs and development;
 2. Welcomes the ongoing joint discussion between the EU and the US on how to work collectively to increase growth potential and foster financial stability in order to create high quality jobs; underlines that in order to ensure long-term prosperity and employment, a joint commitment, and effort, is needed to create new opportunities for businesses both large and small, to promote entrepreneurship and to capitalise on the advantages offered by the uniquely integrated transatlantic market; 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; calls also for more joint commitment to achieve financial market stability;
 3. Welcomes the Interim Report of the HLWG and the preliminary recommendations contained therein, and agrees that a comprehensive agreement should 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; 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; stresses the importance of mutual respect and recognition of each other's laws and regulations, and jurisdictional autonomy, for a fruitful process and successful outcome;

4. Stresses the importance of continuing with the strengthening of transatlantic economic relations, 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;
5. 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 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, and the convergence on mutual recognition of regulatory standards, and not simply to adhering to a minimum required standard based on the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement), but rather to strive in jointly to enhancing quality and cooperation when dealing with EU and US divergent standards; considers that such an intensification of economic relations would also allow for greater alignment of EU and US approaches towards addressing global economic challenges;
6. Stresses that the protection of geographical indications in bilateral agricultural trade will be a key issue in which significant progress is possible if both parties approach the matter in a constructive spirit of compromise; and considers protection of geographical indication as a key component that is directly related to an ambitious outcome regarding agricultural market access; supports the complete cancelation of export refunds in EU-US agricultural trade;
7. Recognises that even though the average tariffs on transatlantic trade in goods are comparatively low, the vast size of the EU-US commercial relationship means that the potential economic benefits would be far larger than any previous trade agreement and that there is a strong interest in both the EU and US business communities to eliminate remaining tariffs;
8. Takes the view, however, that 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; 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, which could deliver significant gains, considering that EU-US bilateral trade to a large extent consists of intra-firm trade, and enhance the global competitiveness of the EU and US companies on the world stage;
9. Supports the view that, given already-existent low average tariffs, the key to unlocking the potential of the transatlantic relationship lies in the tackling of non-tariff barriers (NTBs), consisting mainly of customs procedures and behind-the-border regulatory restrictions; supports the ambition proposed by the HLWG to move progressively towards an even more integrated transatlantic marketplace;
10. Recognises that, while an agreement may not resolve all existing regulatory issues

immediately, an institutionalisation of inter-compatibility between EU and US regulatory regimes would greatly facilitate transatlantic commerce while setting a bold global standard; reiterates as well 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 historical account transatlantic divergence on issues such as the planting of genetically modified organisms and certain questions regarding animal welfare;

11. Recognises that overly burdensome regulatory standards serve as significant barriers to trade, and that additional growth could follow from addressing such barriers; emphasises that an alignment of EU and US regulatory standards should aim at reaching the highest common standard and, thereby, also improve the product safety for consumers; underlines the need to avoid creating new (even if unintended) barriers to trade and investment, especially in key emerging technologies and innovative sectors;
12. Supports efforts towards maximum upstream regulatory cooperation on standards, regulatory coherence and better alignment of standards, to further promote trade and growth that could improve efficiency and effectively address NTBs; 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; 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);
13. Notes the importance of establishing data sharing protocols between the US Consumer Product Safety Commission and the European Commission in order to deal speedily and effectively with unsafe products placed on the market in either region;
14. Welcomes the initiatives taken in the framework of the TLD, to develop common standards in key areas of evolving technology including nanotechnology, electric vehicles, smart grids and e-health;
15. 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; urges stakeholders on both sides of the Atlantic to work together where possible to establish joint positions;
16. Takes the view that given the increasing importance of e-commerce, data protection standards play an essential role in protecting customers both in the EU and US; stresses that both the EU and the US need to address rising cyber security threats in a concerted manner and in an international context; points out that interoperability and standards in the domain of e-commerce, recognised at global scale, can help to promote more rapid innovation by lowering the risks and costs of new technologies;
17. 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 as well as create opportunities for collaboration on trade issues of common concern;
18. Notes that the service sector represents the predominant source of employment and GDP in both the EU and the US; supports the ambition of the HLWG to go beyond the level of

services liberalisation achieved by the EU and the US in existing free trade agreements by addressing remaining long-standing barriers, including modes of services delivery, while also recognising the sensitive nature of certain sectors;

19. 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; considers that these provisions should be rooted in the framework of the General Agreement on Trade in Services (GATS) and remain consistent with the multilateral system; believes that increased regulatory coherence in services could also improve the integration of the single market in services within the EU and the US; 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;
20. 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; encourages the discussion of the inclusion of a financial services chapter, given the interconnected nature of our markets; highlights the importance of intensified exchanges and cooperation of financial services regulators on both side of the Atlantic in order to share best practices and identify regulatory gaps;
21. Is 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;
22. Calls 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;
23. Calls on both parties to open up further their respective public procurement markets to each other in a bid to achieve full reciprocity and transparency, and supports the goal proposed by the HLWG of enhancing business opportunities through substantially improved access to public procurement opportunities at all levels of government on the basis of national treatment;
24. Considers that the procurement chapter should not only address existing market access issues but also include a mechanism to prevent the development of new barriers; understands that US public procurement also falls under the jurisdiction of individual states; recalls the significance for transatlantic trade of open procurement markets that offer equal access to all suppliers, in particular to SMEs; reiterates the view that EU SMEs should have the same level of advantages and possibilities as regards public tenders in the US as they enjoy inside the EU, and recalls that the HLWG has specifically identified horizontal provisions on SMEs as an area with a high possibility of receiving transatlantic support; underlines the importance of both sides complying with the Agreement on Government Procurement (GPA);
25. Affirms the importance of IPR to stimulate job and economic growth, and the significance,

therefore, that high standards be maintained for IPR protection and enforcement, while promoting the free flow of information and access to the internet;

26. Notes the assessment of the HLWG that even though both the EU and US are committed to high level of IPR protection and enforcement, it might not be feasible, in eventual negotiations, to seek to reconcile across-the-board differences with regards to the IPR obligations typically included in EU and US trade agreements; underlines, however, that the approach proposed for negotiations should be ambitious, aiming at solving the areas of divergence, and at dealing with the IPR matters in a mutually satisfactory manner, while ensuring a satisfactory level of protection for economic operators; reiterates that both EU and US growth and job creation efforts rely on the ability to innovate and produce creatively, and, that being the case, that the transatlantic economy is threatened by counterfeiting and piracy; considers the new EU-US Information and Communication Technology principles as an encouragement for increased synergy;
27. Supports, in principle, the aim proposed by the HLWG also to develop new trade rules in a number of areas, as this could be of relevance to bilateral commerce as well as contribute to rule-making both in the context of third-country policies and trade agreements and at the multilateral level;
28. Notes that the EU has negotiated or is negotiating free trade agreements with the other two members of NAFTA, Mexico and Canada; asks, therefore, the Commission and its US counterparts to consider formulating a provision in the potential EU-US free trade agreement allowing for a future harmonisation of these agreements to form a region-to-region EU-NAFTA agreement;
29. Underlines its full commitment to the multilateral trading system, embodied in the WTO, which remains by far the best framework for achieving free and fair trade on a global basis, and which must remain the basis for exchanges in the 21st Century despite the emergence of a multi-polar world;
30. Takes the view, however, that due to the persistent deadlock with regard to the original architecture and objectives of the DDA, the debate on how to strengthen the WTO, with a view to making it more effective, and on how to prepare it for the upcoming challenges, must be resumed as soon as possible; believes, nevertheless, that strengthened bilateral relations aimed at the promotion of growth and employment, in the face of the current economic difficulties, are compatible with and supportive of future and ongoing multilateral discussions and negotiations, as they too are rules-based as well as open and transparent in nature;
31. Agrees that careful preparation is needed to ensure that such a negotiation for a comprehensive bilateral trade and investment agreement, if undertaken, would deliver concrete results and would be concluded in a timely manner; looks forward to the final report (including a recommendation on a decision as to the negotiations) of the HLWG; asks the Commission and the US Administration to present the final result of HLWG's work at the 73rd meeting of the TLD by the end of 2012;
32. 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; considers 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; 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;

33. 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;
34. Requests all stakeholders representing the business communities, once these negotiations have been opened, to organise themselves in such a way as to provide maximum support, in a coordinated, broad-based manner, to underpin an open, transparent dialogue to make progress on the initiative; is convinced that dialogues with consumers as well as SMEs will be of particular relevance and should be opened and coordinated without delay to build momentum across all levels behind the negotiations;
35. Is committed to working closely with the Council, the Commission, the US Congress, the US Administration and the stakeholders to achieve the full economic potential of the transatlantic economic relationship in order to create new opportunities for businesses and workers on both sides of the Atlantic and strengthen EU and US leadership in the global economy;
36. Instructs its President to forward this resolution to the Council, the Commission, the governments and parliaments of the Member States and the US Congress and the US Trade Representative.