



EUROPEAN COMMISSION

Karel De Gucht

European Commissioner for Trade

**Interim Report by the EU-US High-Level Working Group
for Jobs and Growth - Exchange of views**

Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort

International Trade Committee, European Parliament, Brussels
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I am pleased to debrief you today on the state of play of EU-US trade relations and in particular the recent Interim Report by the High Level Working Group for Jobs and Growth.

I would also use this opportunity to update you on the latest developments as regards the Services plurilateral initiative in Geneva at the end on my intervention.

We all know the importance of EU-US trade relations:

More than €1.8 billion of goods and services are traded every day between the European Union and the United States. We have a collective investment stock of over €2 trillion in our respective regions. Almost half of world Gross Domestic Product and one-third of world trade are generated by both sides of the Atlantic. These numbers illustrate that the EU-US trade and investment relationship is second to none.

However, more can be done.

At the 28 November 2011 Summit meeting, US and EU leaders established the High Level Working Group on Jobs and Growth, tasking it to identify ways to increase trade and investment to support job creation, economic growth, and competitiveness on both sides.

This Working Group is co-chaired by US Trade Representative Ron Kirk and myself. We have made significant progress in analysing jointly a range of potential options.

On 19 June, we adopted an interim report, in which we have reached the preliminary conclusion that a comprehensive agreement that addresses a broad range of bilateral trade and investment issues would provide the most significant benefit of the various options considered. It is also the best option from a political point of view: it allows for a "package deal".

Although no political decision has yet been reached to launch negotiations, the process launched at the last EU-US Summit has clearly moved in that direction. In particular, despite initial hesitations, the US appears now to favour a comprehensive approach, and not a series of separate agreements. This is in line with EU interests, since only a comprehensive approach would make it possible to achieve significant results in areas of offensive EU interest, such as procurement, services or regulatory issues.

A possible agreement would include the entire gamut of "traditional" FTAs, such as tariffs, regulatory issues and non-tariff barriers, services, investment, procurement, intellectual property and trade "rules", such as trade facilitation or trade-related competition rules:

- On tariffs (for all types of goods), the declared goal is to eliminate all duties. However, there will be some agricultural products that due to their sensitivity will be subject to a special treatment, such as full duty elimination after long transitional periods with possible safeguards, or permanent annually increasing Tariff Rate Quotas.
- Enhanced regulatory compatibility is in economic and political terms the most important challenge for an ambitious transatlantic agreement. The interim report is based on a high level of ambition, while fully respecting the right of each side to regulate in accordance with the level of protection it deems adequate. Of particular importance is the invitation to stakeholders to present specific proposals to address the impact on trade of regulatory differences. We continue to analyse the input of EU industry and prepare the ground for an ambitious, while realistic, regulatory component of a transatlantic agreement. I count on your political support in this endeavour.
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- The already high level of liberalisation in services would be "locked in" through the binding of existing liberalisation included in our respective most ambitious FTAs. At the same time, we will seek new market access in hitherto difficult areas.
- Our investment regimes are already open, but we still aim to go further both on the liberalisation and investment protection front, where we will take as reference the highest levels of liberalisation and protection that either side has negotiated so far.
- Substantially improved market access to government procurement is a central offensive interest for the European Union. For the first time, the US appears clearly committed to substantially improved market access at all levels of government on the basis of national treatment.
- A high level of intellectual property rights protection is strongly supported by both the EU and the US internationally. From the EU point of view, a transatlantic agreement would provide the opportunity to seek to resolve, in a balanced manner, a few significant areas of divergence between the EU and US approaches to intellectual property protection, including exploring greater convergence of approaches with the US on geographic indications.
- Finally, we are both are committed to developing together state-of-the-art "21st century" trade rules. These will be relevant bilaterally, but also vis-à-vis third countries as well as multilaterally. Examples are areas such as trade facilitation, trade-related aspects of competition rules, access to raw materials and energy, horizontal provisions for small-and medium-sized enterprises and trade-related aspects of labour and environment.

On 19 June, at the margins of the G20 Summit in Los Cabos, the US and EU leaders asked us to complete our work as quickly as possible with the goal of reaching a recommendation to Leaders later this year on a decision concerning negotiations.

Between now and the final report, intense work will take place to advance along the path highlighted in the interim report. From a content point of view, it is about scoping out in more detail the areas covered by the interim report so as to ensure proper preparation for future negotiations.

All in all, I think that we are off to a good start in deepening substantially the biggest trade and investment relationship in the world. We are now focusing our efforts on the final report and aim at recommending to start negotiations of a comprehensive agreement.

In parallel to this process, we are conducting an Impact Assessment, whose results will flow into our work.

To conclude on timing: we will do our best to start negotiations in early 2013 in order to finalise them during this Commission's term in the course of 2014

Now let me shortly turn to the state of play in the WTO Services plurilateral negotiations.

Director General Demarty already debriefed you on this issue in May and DG Trade provided a technical briefing in June.

As you know, the EU continues to actively participate in the exploratory discussions about a plurilateral services negotiation with a group of about 20 WTO Members in Geneva. These Members issued a joint press release on 5 July, describing their efforts to advance negotiations on trade in services. This plurilateral initiative can serve as a valuable stepping stone towards a multilateral outcome if it builds on the General Agreement on Trade in Services (GATS) and further develops it in terms of market access and rules.

In this context, we are pushing for the use of the GATS architecture.

If the architecture of the GATS was followed, a potential plurilateral agreement could be brought back more easily into the multilateral framework.

We want to keep the door open for more WTO Members to join, in particular the big emerging economies. They play an increasingly important role in global services trade but have so far been reluctant to advance services trade liberalisation.

The Commission sees this initiative as an opportunity to foster the objectives regarding trade in services that we have been pursuing in the DDA. So our participation in these discussions is done under the guidance of the negotiating directives from the Council for the DDA negotiations.

We will keep the European Parliament closely informed on further developments and would be interested to hear your view.

Thank you for your attention.