



## Trade in goods and customs duties in TTIP

Cutting the cost of exporting and importing goods between the EU and the US

In this chapter we want to:

- remove customs duties and other barriers to trade
- stimulate the economy and create jobs
- help EU companies grow and compete worldwide.

### Reasons for negotiating trade in goods and customs duties

Customs duties (tariffs in the jargon) make trade in goods more expensive.

This makes it hard for EU firms to sell their goods in the US because it makes them more expensive than American-made goods.

At just under 2%, average customs duties between the EU and the US are generally low. But the average hides a different situation for individual products:

- Over half of EU-US trade is not subject to customs duties.
- Most of the rest faces widely differing duties, ranging from 1-3% for basic goods, such as raw materials, and 30% for goods like clothes and shoes.
- Some customs duties are so prohibitively high they effectively cut off any trade; for

instance, the US duty on raw tobacco is 350% and over 130% for peanuts.

- In some cases, US and EU duties are different even on the same product. For example:
  - for cars:
    - EU duty on imports from the US is 10%
    - US duty on imports from the EU is only 2.5%
  - for train carriages:
    - the US imposes a 14% duty on imports
    - the EU charges only 1.7% on imports from the US.

The EU wants to remove these duties and other barriers to trade, such as lengthy administrative checks, that increase the cost of trade in goods.

### EU goals

This chapter would remove nearly all customs duties on EU-US trade

This would:

- result in immediate savings for EU companies
- create 'spill-over' effects – benefits not directly related to trade; for example:
  - scrapping tariffs would lower the cost of the goods we export...
  - ...which would increase sales...
  - ...which would mean more jobs to enable firms to produce more...
  - ...which would boost demand from people filling

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those new jobs for other goods we produce.

- encourage trade in goods between the EU and the US.

### **Sensitive or controversial issues**

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Most tariffs will be gone on day one of the agreement because doing so will have few negative effects.

Where removing EU customs duties immediately could pose difficulties for EU firms, we want to agree a longer phase-out period to allow firms to adapt.

Where they would still face problems, even with longer phase-out periods, we would only partially open our market.

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