



European
Commission



EU-U.S.

Strengthening a \$1 trillion trade relationship

25 July 2019



“A new phase in the relationship between the United States and the European Union – a phase of close friendship, of strong trade relations in which both of us will win, of working better together for global security and prosperity, and of fighting jointly against terrorism.”

Joint EU-U.S. statement following President Juncker's visit to the White House, Washington DC, 25 July 2018

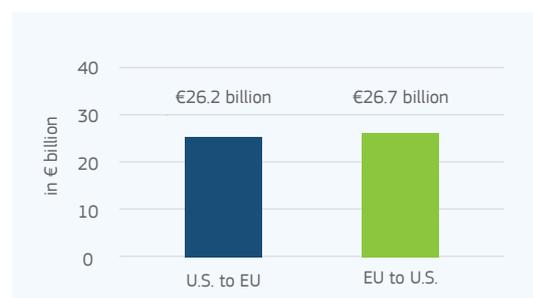
The EU and the U.S. already have a \$1 trillion trade relationship, which we can take to the next level by focusing on some key areas of common interest:

- Reciprocal liberalisation of trade in industrial tariffs
- Regulatory co-operation to facilitate trade between the world's two largest economies
- Facilitation of trade in specific priority areas like LNG and soya beans
- World Trade Organization (WTO) to tackle global challenges and level the playing field
- Removing the U.S. tariff on EU steel and aluminium and removing the EU's corresponding rebalancing tariffs on U.S. imports to unlock trading potential on both sides.

Liberalisation in industrial tariffs would boost trade on both sides

Economic modelling shows that an agreement on industrial tariffs is mutually beneficial.

According to the Commission's economic analysis, a full tariff elimination on industrial goods would increase U.S. exports to the EU by 9% or about €26.2 billion by 2033. EU exports would increase by 8% or €26.7 billion.



Regulatory co-operation to boost trade and retain global leadership

Regulatory cooperation: a strategic interest

For decades, the EU and the U.S. have been rule-makers rather than rule-takers. But competition notably in the field of innovative technology is coming from other, emerging economies. Strengthened regulatory cooperation would ensure that the EU and the U.S. continue to set the highest standards also for new technologies.

Regulation is the new frontier of trade policy

Costs equivalent to duties of 10-20%

Regulatory divergences are the main cost driver for transatlantic trade. Fewer regulatory divergences mean lower adaptation costs and greater economies of scale for our companies.

Agreed areas of regulatory co-operation

Areas for cooperation

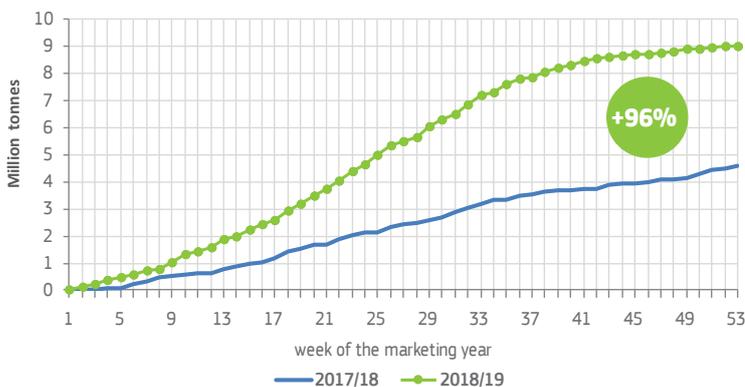
- An EU-U.S. agreement on Conformity Assessment to reduce related costs, simplify, and speed up processes
- Deliverables in pharmaceuticals, medical devices and cybersecurity arenas
- Intensified dialogue on standards for strategic sectors in particular those related to emerging technologies; proposed areas: 3D printing, robotics and connected vehicles

Actions

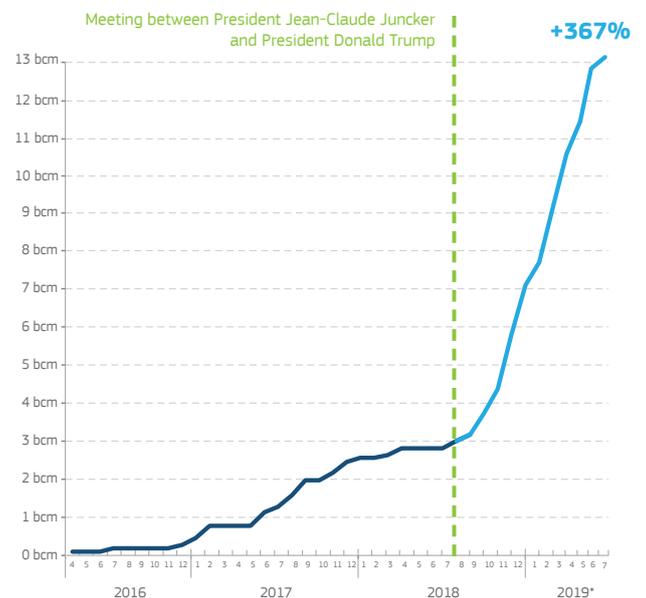
- Preparatory work with U.S. counterparts - second half of 2018
- Commission proposal to EU Member states to open talks on conformity assessment - January 2019
- Preliminary EU ideas on conformity assessment and standards presented to the U.S. – February 2019
- Council of the EU approves negotiating mandate on conformity assessment – April 2019
- Constructive discussions between EU and U.S. experts – May and July 2019
- Next meeting between EU and U.S. experts foreseen in September 2019

Facilitating trade in liquefied natural gas (LNG) and soya beans

EU imports of soya beans from the United States (cumulative volume)



U.S. LNG exports to the EU are on the rise (in billion cubic meters - cumulative)



* Data until 10 July 2019
Source: European Commission.

Tackling global challenges on unfair trading practices

The EU and the U.S. have a shared interest to fight unfair trading practices, including industrial subsidies and distortions created by state owned enterprises (SoEs), which lead to overcapacity, as well as intellectual property theft and forced technology transfer. The EU and the U.S. also cooperate on trade defence policy and exchange best practices on investment screening.

Addressing market-distorting practices is a common interest

The international rulebook needs an update to better curtail non-market based practices. The EU and the U.S. are engaged in several areas of work to agree on reinforced rules concerning excessive state intervention, non-market oriented policies, industrial subsidies and forced technology transfers policies.

Actions

- Trilateral EU-U.S.-Japan World Trade Organization (WTO) joint proposal to enhance WTO members' compliance with transparency requirement
- Proposal for new rules (expected by Autumn 2019) on industrial subsidies and State Owned Enterprises
- EU-U.S. cooperation to identify trade distorting practices



Forced technology transfers and investment restrictions damage U.S. and EU industries

Certain third countries effectively force EU and U.S. companies to transfer technology as a pre-condition to access and operate on their market. Such technology transfers are forced through policy guidance as well as through different legal instruments and practices, including through joint venture requirements, authorisation or licencing procedures, or insufficient protection of intellectual property rights and trade secrets.

Actions

- Exchange of information and best practices with the U.S.
- Cooperation on the development of new rules to effectively tackle forced technology transfers policies and practices
- The U.S. and the EU launched WTO challenges against China on discriminatory licensing conditions and forced technology transfer

Ongoing EU-U.S. collaboration on trade defence

Actions

- EU developed its new anti-dumping methodology to deal with distorted economies, in close co-operation with the U.S.
- The EU and U.S. reports on China's economy had very similar findings
- Close cooperation on WTO dispute settlement cases regarding 'market economy status' (MES) methodology
- Joint proposals in the WTO Subsidies Committee, including using counter-notification possibility to force countries to disclose all their subsidies

EU investment screening - learning from U.S. experience

The EU is establishing a European framework for screening of foreign direct investment (FDI) into the Union. It will enhance the Union's ability to protect its security and public order. It will focus in particular on critical infrastructure, critical technologies, security of supply of critical input, or sensitive data. In this, the EU is working together with the U.S. to learn from their screening experience.

Actions

- Cooperation on screening in regular trilateral meetings (U.S., EU, Japan), in the context of the Group of Seven (G7) and the Organisation for Economic Cooperation and Development (OECD)
- Exchanges of best practices with the U.S. Treasury, also on the U.S.' reinforced screening mechanism - the Committee on Foreign Investment in the United States (CFIUS)

Removing steel and aluminum tariffs

Another substantial potential for both sides is to end the U.S. tariffs on steel and aluminium coming from the EU. This would benefit the U.S. since U.S. producers who need these materials could buy it cheaper (which would also trickle through the value chain). It would also mean that the EU could remove the rebalancing tariffs on U.S. exports, helping U.S. producers sell more into the EU.