



European Commission



EU-U.S. RELATIONS

Significant economic gains from eliminating tariffs on industrial goods and from regulatory cooperation

25 July 2019



In their Joint Statement of 25 July 2018 in Washington DC, President Juncker and President Trump agreed on working towards zero industrial tariffs. They also announced the launching of “a close dialogue on standards in order to ease trade, reduce bureaucratic obstacles, and slash costs”. On 15 April, the Council of the EU adopted the negotiating directives for EU-U.S. trade agreements on industrial goods and on conformity assessment.

The EU-U.S. economic relationship is amongst the deepest in the world

- Total two-way trade in goods reached an all-time high of €643 billion in 2018.
- Considering all economic flows (goods, services and investment income), annual EU-U.S. exchanges exceed \$1 trillion, with the U.S. reaching a surplus of €11.5 billion in 2017.
- This broad angle shows that the EU-U.S. trade relationship is a fair one between equals.
- The U.S. is the main destination of EU industrial goods with over one fifth of all EU exports going to the U.S. Imports from the U.S. represent almost 15% of all EU imports of industrial goods.

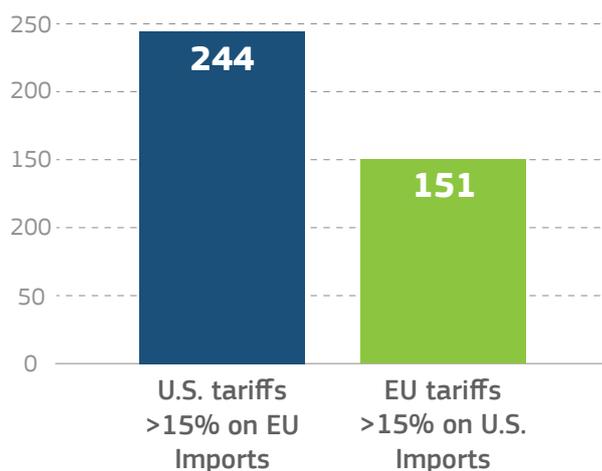
Substantial remaining tariffs

The EU and the U.S. duties on each other’s industrial goods imports are amongst the lowest in the world, averaging, 4.3% for the EU and 3.8% for the U.S.

However, there is a high number of industrial goods subject to high import tariffs in both the EU and the U.S., so-called ‘tariff peaks’.

Tariff peaks **impose significant costs** given the magnitude of trade between the EU and the U.S. and in practice are equal to a tax on transatlantic trade.

OVERVIEW OF INDUSTRIAL GOOD TARIFFS ABOVE THE 15%-TARIFF PEAK LINE



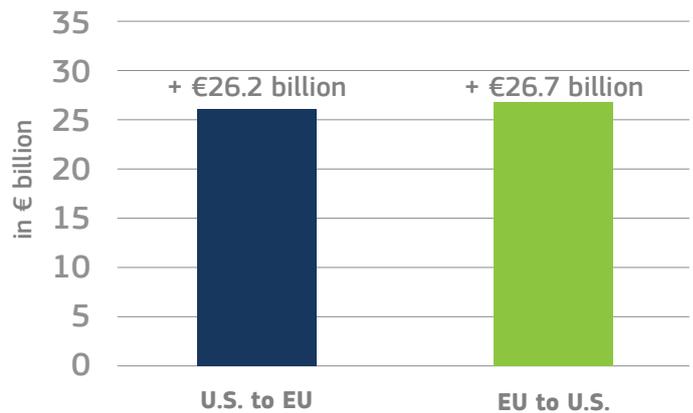
U.S. and EU set to benefit from eliminating industrial tariffs

The EU and the U.S. could gain considerably from eliminating the remaining tariffs on industrial goods.

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

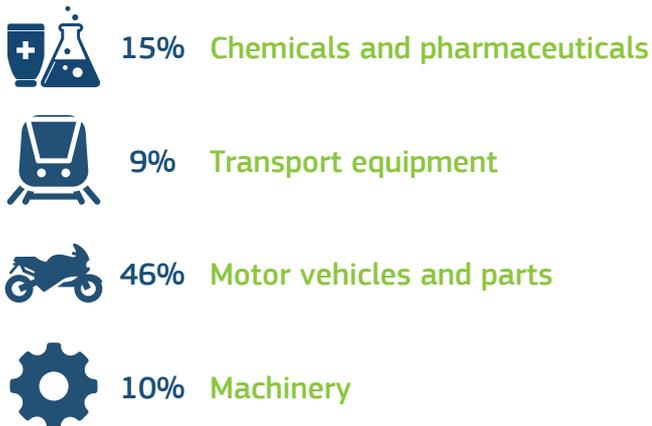
Significantly, it would give transatlantic companies of all sizes a comparative advantage, including lower costs in integrated supply chains, thereby also strengthening their capacity to compete globally.

CHANGE IN VALUE OF EXPORT AFTER ELIMINATION OF INDUSTRIAL TARIFFS



Estimated impact of full industrial tariff elimination

...on U.S. exports to the EU



...on EU exports to the U.S.



Reduce or eliminate unnecessary non-tariff barriers to trade:

- Use of divergent standards in support of regulation can lead to increased adaptation costs
- Conformity assessment on both sides can result in unnecessary double controls

More ambition on conformity assessment

Sectoral annexes of the existing EU-U.S. Mutual Recognition Agreement.

✓ **Telecommunications equipment**
(operational since 14/12/2000)

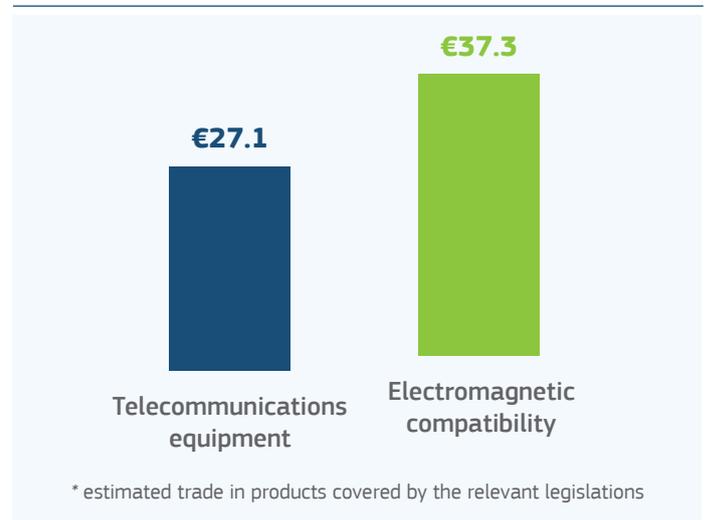
✓ **Electromagnetic compatibility**
(operational since 14/12/2000)

✗ **Electrical safety**
(not in operation)

✗ **Recreational craft**
(not in operation)

✗ **Medical devices**
(not in operation)

Bilateral trade EU-U.S. (in € billion)



More ambition in the field of cooperation on standards

For decades, the EU and the U.S. have been global rule-makers rather than rule-takers. But competition, notably in the field of innovative technology, is coming from other emerging economies such as China. **Cooperation on standards of the future is a common strategic interest.**

Proposal for standards cooperation in areas such as:



3D Printing



Robotics



Smart Textiles



Cybersecurity

Timeline



Next steps (2019–2020)

On Conformity Assessment

- Continue discussions on an ambitious horizontal agreement considering a wide range of relevant industrial sectors, where there is third-party conformity assessment – whether it is performed by public or private bodies – to try to eliminate unnecessary double controls
- Conclude and sign the EU-U.S. **conformity assessment** agreement

On Standards

- Agree on a **roadmap, priorities and milestones for intensified cooperation in standardisation**, particularly in emerging sectors of strategic importance
- Agree on actions to improve existing tools to **facilitate trade for exporters**
- **Early dialogue** between EU and U.S. regulators and standardization bodies in new areas (e.g. robots)
- Call for a **more effective and bilateral collaboration** between the EU and U.S. standardisation bodies to drive the global process in new areas of standardisation, notably in international fora like International Organization for Standardization / International Electrotechnical Commission (ISO/IEC)

The **personal care robots standard (ISO 13482)** was developed thanks to an effective bilateral collaboration between the **EU and Japan**. Adopted at the same time at international, EU and Japan level, it now confers **presumption of conformity** with the EU rules on **machinery**.

Further transatlantic cooperation will include actions aimed at:



Eliminating double controls where possible



Enhancing cooperation on new standards in a number of areas related to new emerging technologies



Enhancing the bilateral cooperation between U.S. and EU standards development organisations



Cooperation in the framework of international fora