



Council of the
European Union

Brussels, 9 August 2016
(OR. en)

7396/13
EXT 1 REV 1

WTO 59
SERVICES 14
FDI 7
USA 7

PARTIAL DECLASSIFICATION

of document: 7396/13 WTO 59 SERVICES 14 FDI 7 USA 7

dated: 13 March 2013

new status: Public

Subject: Recommendation for a Council Decision authorising the opening of negotiations on a comprehensive trade and investment agreement, called the Transatlantic Trade and Investment Partnership, between the European Union and the United States of America

Delegations will find attached the partially declassified version of the above-mentioned document.

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EUROPEAN
COMMISSION

Strasbourg, 12.3.2013
COM(2013) 136 final

Recommendation for a

COUNCIL DECISION

authorising the opening of negotiations on a comprehensive trade and investment agreement, called the Transatlantic Trade and Investment Partnership, between the European Union and the United States of America

{SWD(2013) 68 final}
{SWD(2013) 69 final}

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EXPLANATORY MEMORANDUM

I. Background

The EU and the US share political and economic interests founded on democracy, the rule of law and universal human rights. Both the EU and the US are global actors making a substantial contribution to world peace and security and addressing global challenges such as poverty reduction.

The EU and the US are the world's major global traders and investors. Together the EU and the US account for almost half of global GDP and one third of total world trade. The transatlantic economic relationship is among the most open in the world and the two markets are deeply integrated through large flows of trade and investment: bilateral trade volume of goods and services amounted to €702.6bn in 2011, while bilateral investment stock was €2.394 trillion in 2011.¹

The bilateral trade relationship is extremely important for both partners. In 2011, the EU was the first trading partner of the US representing 17.6% of their trade in goods, while the US was the EU's second largest trading partner with 13.9% of the EU's total trade in goods. The bilateral trade balance has traditionally been to the advantage of the EU, standing at €73.5bn in 2011.

The Communication on Trade, Growth and World Affairs (2010) refers to the United States as a strategic partner, stressing that our capacity to jointly address regulatory obstacles to trade is key in achieving closer economic integration between The EU and the United States.

During their 28 November 2011 Summit meeting, President José Manuel Barroso, President Herman Van Rompuy and President Barack Obama established the High Level Working Group on Jobs and Growth (HLWG). They tasked it with identifying policies and measures to increase trade and investment to support mutually beneficial job creation, economic growth, and competitiveness.

By June 2012, the HLWG had analysed a wide range of potential options for expanding transatlantic trade and investment. In its interim report, the chairs of the HLWG, Commissioner Karel De Gucht and USTR Ron Kirk, reached the conclusion that a comprehensive agreement, addressing a broad range of bilateral trade and investment policies as well as issues of common concern with respect to third countries, could potentially provide significant benefits to both economies.

The HLWG continued its intensive work in the second semester 2012 with the aim of specifying the extent to which the Parties agree on the scope of a potential trade initiative and the degree of shared ambition regarding their respective priorities. A final report was published on 13 February 2013. It recommended to U.S. and EU Leaders that the United States and the European Union launch, in accordance with their respective domestic procedures, negotiations on a comprehensive and ambitious agreement that addresses a broad range of bilateral trade and investment issues, including regulatory issues, and contributes to the development of global rules. It also recommended that the objective of such an agreement be to achieve a market access package that goes beyond what the United States and the EU have achieved in previous trade agreements. It also pointed out that a significant portion of the benefit of a potential transatlantic agreement turns on the ability of the United States and

¹ Source: Comext, Balance of Payments, Eurostat.

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the EU to pursue new and innovative approaches to reduce the adverse impact on trade and investment of non-tariff barriers, with the aim of moving progressively toward a more integrated transatlantic marketplace. The HLWG recommended that the two sides explore new means of addressing these "behind-the-border" obstacles to trade, including, where possible, through provisions that serve to reduce unnecessary costs and administrative delays stemming from regulation, while achieving the levels of health, safety, and environmental protection that each side seems appropriate, or otherwise meeting legitimate regulatory objectives. A key shared objective should be to identify new ways to prevent non-tariff barriers from limiting the capacity of US and EU firms to innovate and compete in global markets.

In advance of any possible decision to launch such negotiations, the Commission services have undertaken an impact assessment of a potential trade initiative with the US analysing various trade policy options. The analysis concluded with the result that a comprehensive trade and investment agreement aiming at tackling, in particular regulatory obstacles to trade, would be the most beneficial policy option for the European Union in terms of GDP growth, exports, employment and wages.

A comprehensive trade and investment agreement could increase EU GDP between 0.27% and 0.48%, and EU national income by up to €86 billion.

In its October 2012 resolution on trade and economic relations with the United States, the European Parliament called for the launch of negotiations of a comprehensive EU-US trade agreement.²

In view of the potential economic and social benefits deeper transatlantic economic integration could provide for the EU, the February 2013 European Council called upon the Commission and the Council to follow up on the recommendations of the HLWG without delay during the current Presidency.

2. Nature and scope of the comprehensive trade and investment agreement

The Agreement should provide for the progressive and reciprocal liberalisation of trade and investment in goods and services as well as rules on trade and investment related issues with particular focus on removing unnecessary regulatory barriers. The Agreement will be very ambitious, going beyond existing WTO commitments.

In order to be balanced and commercially attractive for the EU, the Agreement should include commitments in respect of entities at all levels of government.

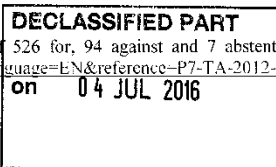
3. Preparation of the draft negotiating directives

Member States and civil society were consulted in advance of the preparation of the draft negotiation directives in the framework of the impact assessment carried out by the Commission.

4. Procedures

In line with normal practice and with the EU Treaty, the Commission will conduct the negotiations, in consultation with Member States in the appropriate committee of the Council.

² The European Parliament resolution received a majority of 526 for, 94 against and 7 abstentions. <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2012-388>



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The Commission shall report regularly to this committee and to the European Parliament on the progress of negotiations.

The Commission recommends to the Council:

- to adopt the attached Decision authorising the Commission to negotiate on behalf of the European Union, a comprehensive trade and investment agreement, called "Transatlantic Trade and Investment Partnership" between the European Union and the United States of America;
- to issue the negotiating directives appended to that Decision;
- to appoint the special committee, foreseen in Article 207 TFEU, to assist it in this task.

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