

President Obama Announces the Negotiation of a Transatlantic Trade and Investment Partnership with the European Union

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In his State of the Union address, President Obama announced that the Administration intends to notify Congress of its intent to initiate negotiations on a Transatlantic Trade and Investment Partnership (TTIP) with the European Union (EU).^[1] The U.S.-EU trade relationship is the single largest in the world, accounting for one-third of total goods and services trade and almost half of global economic output. Accordingly, the TTIP will provide important opportunities for businesses and industries in the United States and EU.

Importantly, U.S. officials have reported that the TTIP will include provisions to address the market distorting effects of state-owned enterprises (SOEs), barriers to trade in services, and regulatory barriers, much like the provisions being negotiated under the Trans-Pacific Partnership trade agreement.

TTIP negotiations are expected to focus on three broad trade areas: (1) market access; (2) regulatory issues and non-tariff barriers; and (3) rules, principles and new modes of cooperation to address shared global trade challenges and opportunities. Some goals of the TTIP include:

- **Market Access:** Eliminate all duties on bilateral trade; liberalize long-standing market access barriers to services; achieve investment liberalization and investment protection; and enhance procurement opportunities.
- **Regulatory Issues/Non-Tariff Barriers:** Establish processes and procedures to reduce the costs associated with regulatory differences. These include, for example, the establishment of a

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“TBT-plus” chapter, which would establish an ongoing mechanism for addressing bilateral issues stemming from the World Trade Organization’s (WTO) Agreement on Technical Barriers to Trade (TBT).

- **Modes of Cooperation:** Strengthen intellectual property rights; ensure protection for the environment and workers; and seek to reach a bilateral agreement on globally relevant rules, principles or modes of cooperation in a number of areas, including competition policy, customs and trade facilitation, SOEs, raw materials and energy and localization barriers to trade.

Further details regarding the possible structure and content of a TTIP agreement are set forth in the February 11, 2013 Final Report issued by the U.S.-EU High Level Working Group on Jobs and Growth.^[2]

It is expected that both sides will move quickly once negotiations commence.^[3] Given the broad areas of focus identified in the Final Report, TTIP negotiations will likely have far-reaching consequences for U.S. companies, regardless of whether they conduct business with Europe. As a result, these negotiations should be carefully monitored.

[1] See USTR Fact Sheet: United States to Negotiate Transatlantic Trade and Investment Partnership with the European Union, *available at* <http://www.ustr.gov/about-us/press-office/fact-sheets/2013/february/US-EU-TTIP>

[2] See U.S.-EU High Level Working Group on Jobs and Growth Final Report (Feb. 11, 2013), *available at* <http://www.ustr.gov/about-us/press-office/reports-and-publications/2013/final-report-us-eu-hlwg>

[3] See EU and U.S. to launch negotiations for a Transatlantic Trade Partnership (Feb. 13, 2013), *available at* <http://ec.europa.eu/cgi-bin/etal.pl>