

# Client Alert

## International Trade

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### EU-US move towards launch of FTA negotiations

In a joint EU-US statement, US President Obama, European Council President Van Rompuy and EU Commission President Barroso have recently announced the initiation of procedures to launch negotiations towards a Transatlantic Trade and Investment Partnership (TTIP).<sup>1</sup> This announcement follows a final report released on 13 February 2013, in which the bilateral High Level Working Group on Jobs and Growth (HLWG) concludes that, of all the options considered, a comprehensive trade and investment agreement would provide the most significant mutual benefit.<sup>2</sup>

As to the components of a potential TTIP agreement, the final HLWG report recommends ambitious commitments in three broad areas:

- market access in relation to tariffs, services, investment and public procurement;
- regulatory issues and non-tariff barriers; and
- rules and principles to address shared global trade challenges.

The joint EU-US aim with TTIP negotiations would be to find mutually beneficial solutions in these areas that go beyond what the trade partners have negotiated in previous agreements with other parties. Another key HLWG recommendation involves the overall aim to structure an agreement that can “evolve over time”, e.g. by establishing regulatory coherence mechanisms to ensure progressive deepening of economic integration across the Atlantic Ocean.

Both US and EU officials have set the ambitious goal of completing agreement negotiations by the end of 2014. Whether parties are able to achieve this goal depends on the extent to which they are willing to resolve contentious issues within the negotiations. Trade frictions relating to government procurement, IPR, and agriculture-related issues (including product safety standards) have already emerged as important issues.

Looking forward, it remains unlikely that TTIP negotiations could be launched before mid-2013. On the EU side, the European Commission will need to present a draft negotiating mandate to the EU Council for approval, which is currently estimated to occur towards the second half of March. This would enable the Council to formally adopt the mandate to enable a TTIP launch by the EU later in the Spring or early Summer, with the current target date for this exercise being a Council meeting scheduled for mid-June 2013. In the United States, the Obama Administration and the US Trade Representative (USTR) have announced the intent to notify the US Congress, which would be followed by a 90-day consultation period before TTIP negotiations can commence.



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<sup>1</sup> The statement by EU and US leaders is available here: [http://europa.eu/rapid/press-release\\_MEMO-13-94\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-94_en.htm).

<sup>2</sup> The final report is available here: [http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc\\_150519.pdf](http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc_150519.pdf).