



## **The Transatlantic Trade and Investment Partnership (TTIP)**

Towards an EU-US trade deal

# **Inside TTIP**

An overview and  
chapter-by-chapter guide  
in plain English

*Trade*

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# Contents

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Foreword .....	5
About TTIP .....	6
TTIP's contents — an overview .....	8
TTIP's contents — chapter by chapter .....	10
<b>Market access</b> .....	<b>11</b>
1.1. Trade in goods and customs duties .....	12
1.2. Services .....	13
1.3. Public procurement .....	15
1.4. Rules of origin .....	16
<b>Regulatory cooperation</b> .....	<b>17</b>
2.1. Regulatory cooperation .....	18
2.2. Technical barriers to trade (TBTs) in TTIP .....	19
2.3. Food safety and animal and plant health in TTIP .....	21
2.4. Chemicals in TTIP .....	22
2.5. Cosmetics in TTIP .....	23
2.6. Engineering products in TTIP .....	25
2.7. Information and communication technologies (ICT) in TTIP .....	26
2.8. Medical devices .....	27
2.9. Pesticides .....	29
2.10. Pharmaceuticals .....	31
2.11. Textiles .....	33
2.12. Vehicles in TTIP .....	33
<b>Rules</b> .....	<b>35</b>
3.1. Sustainable development .....	36
3.2. Energy and raw materials .....	37
3.3. Customs and trade facilitation .....	38
3.4. Small and medium-sized enterprises .....	40
3.5. Investment protection and investor-state dispute settlement (ISDS) .....	41
3.6. State-state dispute settlement .....	43
3.7. Competition policy .....	44
3.8. Intellectual property rights and geographical indications .....	45

# Foreword

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TTIP matters. It offers huge potential to create **jobs and growth** and help set **high standards** for trade around the world.

And it affects you. So getting the deal right means being as **transparent** and open as possible — and **involving everyone** with a stake.

As the EU's Commissioner for Trade, I'm determined to make these the **most transparent EU trade talks ever**.

This booklet is part of that effort.

It **explains every chapter** in TTIP. **Why** we're negotiating. **What** we want. And **how** we're addressing people's concerns.

All in **plain language**.

And don't forget — your voice matters.

So visit us online and **have your say**: <http://ec.europa.eu/trade/policy/in-focus/ttip/have-your-say/>

**Cecilia Malmström**

EU Commissioner for Trade

March 2015

# About TTIP

The EU is negotiating a trade and investment deal with the United States — the **Transatlantic Trade and Investment Partnership**, or TTIP.



## Contents

With TTIP, we want to help people and businesses large and small by:

- **opening up the United States** to EU firms;
- helping **cut the red tape** firms face when exporting;
- setting **rules to make it easier and fairer** to export, import and invest.

**This guide** explains TTIP's contents in detail.



## Impact

Independent studies and past EU trade agreements suggest TTIP would help to:

- generate **jobs** and **growth**;
- **cut prices** and give us **more choice**.

It could also help the EU to:

- **influence** world trade rules;
- project our **values** globally.

But it **can't be a deal at any price**. For example, we must ensure that:

- products imported into the EU meet our high **standards** that:
  - protect people's **health** and **safety**, and the **environment**;
  - benefit society in other ways;
- EU **governments** fully maintain their right to:
  - adopt rules or laws to **protect people** and the environment;
  - run **public services** as they wish.



## Process

In 2013, **EU governments** gave the European Commission a **mandate** to negotiate.

Now we're involving them as we negotiate, along with:

- the European **Parliament**;
- businesses, trade unions and consumer, health and other **interest groups**;
- the **public**.

Then once we have a final text, it'll be **governments** and **Members of the European Parliament (MEPs)** who decide.

For more on the **impact** TTIP could have and the **process** of reaching a final deal, visit <http://www.ec.europa.eu/trade>

**Claus Olsen**

Sales and Marketing Director  
Mette Munk Bakeries, Denmark

*'We hope the current EU-US  
talks will scrap the taxes we pay  
at US customs.'*

## Have your say

Our TTIP negotiating team wants to hear your views.

So please **get in touch**.



**Call or write to us**

Call us: 00800 67891011

Write to us: <http://ec.europa.eu/trade/trade-policy-and-you/contacts/online-enquiry/>



**Follow us** @EU\_TTIP\_team

Or **visit us** online at <http://ec.europa.eu/trade>.



**Comment** on our proposals

... when we hold public consultations.



**Meet** the EU's TTIP team

Sign up to one of their regular meetings if you represent a particular interest.



**Contact** your Member of the European Parliament (MEP).

# TTIP's contents — an overview

TTIP has **24 chapters**, grouped into **three parts**.



## Part 1: Market access

This first part of TTIP would work in the same way as other EU trade deals.

That means **helping EU companies** — however small or large, and whatever they sell — get **better access** to an overseas market outside Europe.

With TTIP, European firms could:

- **export** more to the United States and win **government contracts**;
- **import** more of the goods or services they need to make their final products;
- **determine** more easily when a product counts as being '**Made in Europe**' (or the United States);
- **invest** in the United States more easily.



## Part 2: Regulatory cooperation

In this part we're breaking **new ground** for an EU trade deal.

Our goal is to get regulators in Europe and the United States to **work** together much **more closely** than they do now.

That's because to export to the United States, **EU firms must meet US rules** on standards.

And often these rules ensure the **same** level of **safety** or **quality**, but **differ** in:

- their technical **details**;
- their **procedures** for checking if firms have met the rules.

This can be **costly**, especially for smaller firms.

Working together on regulations could cut those costs — while **upholding** the EU's strict levels of **protection** for people and the environment.



## Part 3: Rules

























In this part, we want to put in place **new rules** to help all EU firms to:

- fully benefit from TTIP, especially **smaller companies**;
- access the **energy** and **raw materials** they need;
- protect their **intellectual property** — the research and ideas behind new products;
- **invest** with confidence, knowing they have some protection if things go wrong;
- **save time** and money on **paperwork** at customs.

We also want this part to set out:

- measures that put **sustainable development** at the heart of TTIP;
- a formal **system** that ensures civil society can **hold us to our word**;
- a mechanism for sorting out **disputes between governments** in the EU and the United States that they all trust.



3 parts	1. Market access		2. Regulatory cooperation		3. Rules	
24 chapters		1.1. Trade in goods and customs duties	<i>Horizontal chapter</i>			3.1. Sustainable development
		1.2. Services		2.1. Regulatory cooperation		3.2. Energy and raw materials
		1.3. Public procurement		2.2. Technical barriers to trade (TBTs) in TTIP		3.3. Customs and trade facilitation
		1.4. Rules of origin		2.3. Food safety and animal and plant health in TTIP <sup>(1)</sup>		3.4. Small and medium-sized enterprises
			<i>Specific industries</i>			3.5. Investment protection and, investor–state dispute settlement (ISDS)
				2.4. Chemicals in TTIP		3.6. State–state dispute settlement
				2.5. Cosmetics in TTIP		3.7. Competition policy
				2.6. Engineering products in TTIP		3.8. Intellectual property and geographical indications
				2.7. Information and communication technologies (ICT) in TTIP		
				2.8. Medical devices		
				2.9. Pesticides		
				2.10. Pharmaceuticals		
				2.11. Textiles		
				2.12. Vehicles in TTIP		

<sup>(1)</sup> The official title of this chapter is ‘Sanitary and phytosanitary (SPS) issues’.

# TTIP's

## contents — chapter by chapter

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We want to do all we can to make the TTIP negotiations **transparent**.

That's why we've now gone **further than ever** in talks on earlier EU trade deals — by publishing EU **negotiating texts** for chapters where we've already drafted them.

These are **documents we give our US counterparts** during week-long rounds of face-to-face talks. Our texts and theirs are the basis of our discussions.

There are two types of documents.

- **Textual proposals** are the EU's initial proposals for legal texts on topics in TTIP.

The text of the final agreement will be the result of our negotiations on these texts.

- **Position papers** set out and describe the EU's approach on topics in TTIP negotiations.

You'll find them online at <http://www.ec.europa.eu/trade>

The following pages of this guide explain, for each chapter in TTIP:

- the reasons **why** we're negotiating this topic;
- **what** we want in a final deal;
- the main **sensitivities** or concerns we're aware of and what we're doing to take them into account.



## TTIP: Part 1

# Market access

Delivering better access to the US market

Chapter 1.1.		Trade in goods and customs duties	Cut or scrap customs taxes on goods we export to each other
Chapter 1.2.		Services	Make it easier to sell services in the United States
Chapter 1.3.		Public procurement	Let EU firms bid for US public contracts
Chapter 1.4.		Rules of origin	Agree on rules that determine where a product is from



## 1.1. Trade in goods and customs duties

Cutting the cost of exporting and importing goods between the EU and the United States

In this chapter we want to:

- remove customs duties and other barriers to trade;
- stimulate the economy and create jobs;
- help EU companies grow and compete worldwide.

### Reasons for negotiating trade in goods and customs duties

Customs duties ('tariffs' in the jargon) make trade in goods more expensive.

This makes it hard for EU firms to sell their goods in the United States because it makes them more expensive than American-made goods.

At just under 2%, average customs duties between the EU and the United States are generally low. But the average hides different situations for individual products.

- Over half of EU–US trade is not subject to customs duties.
- Most of the rest faces widely differing duties, ranging from 1 to 3% for basic goods, such as raw materials, and 30% for goods like clothes and shoes.
- Some customs duties are prohibitively high and so effectively cut off any trade — for instance, the US duties are:
  - almost 140% on some dairy products;
  - over 130% on peanuts.

- In some cases, US and EU duties are different even on the same product. For example:
  - For cars:
    - EU duty on imports from the United States is 10%;
    - US duty on imports from the EU is only 2.5%.
  - For train carriages:
    - The United States imposes a 14% duty on imports;
    - The EU charges only 1.7% on imports from the United States.

The EU wants to remove these duties and other barriers to trade, such as lengthy administrative checks, that increase the cost of trade in goods.

### EU goals

This chapter would remove nearly all customs duties on EU–US trade.

This would:

- result in immediate savings for EU companies;
- create 'spillover' effects — benefits not directly related to trade, for example scrapping tariffs would lower the cost of the goods we export, which would increase sales, which would mean more jobs to enable firms to produce more, which would boost demand from people filling those new jobs for other goods we produce;
- encourage trade in goods between the EU and the United States.

## Sensitive or controversial issues

Most tariffs will be gone on day one of the agreement because doing so will have few negative effects.

Where removing EU customs duties could immediately pose difficulties for EU firms, we want to agree on a longer phase-out period to allow firms to adapt.

Where they would still face problems, even with longer phase-out periods, we would only partially open our market.



## 1.2. Services

Helping Europe's services firms tap the US market

In this chapter we want to:

- make sure EU services companies can compete in the United States on the same terms as US firms;
- safeguard EU governments' right to run public services just as they wish.

- uphold governments' right to:
  - set quality or safety standards;
  - regulate services in other ways.

### EU goals

In this part of the agreement, we want to secure at least the following benefits for EU businesses and professionals.

- **Access** — tackling barriers that EU businesses face in certain sectors, such as:
  - telecommunications, including limits on how much an EU shareholder can own of a US company; or
  - the dredging of harbours, ports or waterways to remove mud or rocks.
- **Mobility** — enabling professionals, such as architects, to:
  - practise on either side of the Atlantic by recognising each other's qualifications;
  - enter US territory more easily.
- **Licensing and approvals** — agreeing on high standards that make it faster and clearer for individuals and firms to get licences or formal approval to offer services like:
  - auditing;
  - management consultancy;
  - legal advice.

### Reasons for negotiating services

Services matter. They're the backbone of both the EU and the US economies.

In fact, they account for as much as 60% of the economy — and jobs — in the EU. And the EU and the United States already export a lot of services to each other.

However, EU firms still face hurdles when they try to sell their services on the US market.

TTIP aims to tackle these. It would put in place rules that altogether cut or scrap limits now in place on how much an EU shareholder can own of a US company.

It would:

- protect sectors that are sensitive for the EU or the United States, like public services;

- **New rules** — agreeing on rules for industries that are key to Europe's economy, like:
  - telecommunications;
  - e-commerce;
  - financial services;
  - postal and courier services;
  - maritime transport.
- that would help us export more — for example, by ensuring that:
  - EU and US firms can compete on equal terms in either market;
  - governments treat EU and US firms in the same way;
  - regulators can work together more closely in future.
- **Certainty** — securing the firmest possible guarantees from the United States that

EU companies will have at least the same access to the US market as they do now.

- **Protection** — for sensitive sectors, such as:
  - TV, radio and films;
  - public health and education;
  - social services;
  - water distribution.

## Sensitive or controversial issues

In this area, some issues are sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Public services</b>	
<i>'TTIP threatens the special role of public services in sectors such as health, education, social services or water.'</i>	The EU doesn't make any commitments for publicly funded health, education or social services. The same applies to the collection, purification and distribution of water. Member States can take any measures they wish now and in the future in these areas.
<b>2. Culture</b>	
<i>'TTIP jeopardises cultural diversity in Europe.'</i>	We don't make commitments in areas such as film, radio or television. This allows Member States to take any measures they wish, for example to impose quotas for EU productions.
<b>3. Data protection</b>	
<i>'With TTIP, our personal data will not be protected anymore.'</i>	Data protection standards won't be part of TTIP negotiations. TTIP will make sure that the EU's data protection laws prevail over any commitments.



## 1.3. Public procurement

Enabling EU firms to bid for more public contracts in the United States

In this chapter, we want to enable EU firms to:

- bid for a larger share of the products and services that US public authorities buy;
- compete with US firms on the same terms.

### Reasons for negotiating public procurement

Tendering for public contracts is about how public authorities spend taxpayers' money when buying goods, works or services.

The EU and the United States have the largest public contracts markets in the world and have rules aimed at ensuring public money is spent in a transparent, efficient and non-discriminatory way.

Nevertheless, companies currently face obstacles in winning public contracts across the Atlantic. Sometimes, they are not even allowed to bid for a contract.

TTIP provides an opportunity to:

- remove remaining obstacles;
- ensure that EU and US firms can bid for public tenders on equal terms.

Further opening up public procurement across the Atlantic would be good for both the EU and the United States.

For public authorities with tight budgets, it can bring:

- better value for money;
- more choice;

- greater economic efficiency;
- good governance.

For companies it could:

- increase demand for their products or services;
- create opportunities for growth;
- safeguard existing jobs and create new ones.

### EU goals

We want to make sure that in this part of the agreement we:

- agree on rules that will ensure that EU or US companies are not discriminated against when tendering for public contracts on each other's market;
- agree on rules to maximise transparency in tendering for public contracts to ensure EU and US firms are aware of opportunities across the Atlantic;
- maximise the opportunities for EU and US firms to participate in public tenders at all government levels, whether central/sub-central, federal or sub-federal, without being discriminated against.

### Sensitive or controversial issues

We're not currently aware of any issues that are especially sensitive or where people have raised specific concerns.

We want to open up public tendering markets on the basis of rules on transparency and non-discrimination, similar to those that apply under EU law.

TTIP will not affect public authorities’:

- ability to choose to outsource a public service or produce it in-house;
- capacity to choose goods, services and works that promote:

- people’s health and well-being;
- environmental protection;
- social progress;
- the enforcement of people’s rights at work.



## 1.4. Rules of origin

Agreeing on rules that determine which products benefit from TTIP

In this chapter, we want to create user-friendly rules that guarantee that products benefiting from TTIP really are produced in Europe or the United States.

### Reasons for negotiating rules of origin

Rules of origin (ROOs) are a key part of any trade agreement. They determine when a product can be produced in the countries that have signed that agreement.

ROOs guarantee that only products genuinely linked to those countries can benefit from a trade agreement — for example, by not having to pay customs duties.

Goods from other countries do not enjoy the same benefits.

We want to use TTIP to:

- make sure our rules meet industry needs and promote trade and investment across the Atlantic;

- agree on a common way to determine where a product is produced:
  - US customs check with the importer;
  - EU customs check with customs in the other country that has signed the trade agreement;
- develop common rules on what is needed to prove a product’s origin.

### EU goals

In this part of the agreement, we want:

- simpler rules of origin that can be easily understood and applied by EU producers and exporters;
- rules of origin that consider future trends in production and encourage innovation;
- procedures to:
  - make sure we apply the rules effectively;
  - limit fraud;
  - make trade easier by clearing unnecessary obstacles.

















## TTIP: Part 2

# Regulatory cooperation

Cutting red tape and costs — without cutting corners

Horizontal chapters		
Chapter 2.1.		Regulatory cooperation Agree on ways to cooperate to set new rules
Chapter 2.2.		Technical barriers to trade (TBTs) in TTIP Cut the cost of complying with each other's standards
Chapter 2.3.		Food safety and animal and plant health in TTIP Ensure food, animal and plant imports are safe, while cutting unnecessary red tape
Specific industries		
Chapter 2.4.		Chemicals in TTIP
Chapter 2.5.		Cosmetics in TTIP
Chapter 2.6.		Engineering products in TTIP
Chapter 2.7.		Information and communication technologies (ICTs) in TTIP
Chapter 2.8.		Medical devices
Chapter 2.9.		Pesticides
Chapter 2.10.		Pharmaceuticals
Chapter 2.11.		Textiles
Chapter 2.12.		Vehicles in TTIP



## 2.1. Regulatory cooperation

Cutting red tape for EU firms — without cutting corners

In this chapter we want to work together towards EU and US regulations that:

- are more compatible with each other, which would in turn boost jobs and growth and offer consumers more choice.

### Reasons for negotiating on regulatory cooperation

Globalisation means that more and more companies that export face similar challenges in meeting different countries' rules and regulations.

To export to the United States, EU firms must comply with US regulations. This can be costly, especially for smaller firms, if US and EU rules are very different.

Take, for example, differences in things like the colour of wiring or the plugs or sockets used on either side of the Atlantic. These mean that for an EU firm, it can cost more to make the same product for the US market than it does for the EU market.

So in this part we want to cut those costs — without lowering our levels of protection for:

- people's health;
- people's well-being or rights as consumers;
- the environment;
- other things that benefit society as a whole.

This would in turn help to:

- spur growth and jobs in Europe;
- deliver more choice for European consumers.

### EU goals

#### 1. Working together on regulation

We want to agree on ways for EU and US regulators to work together more closely when they:

- develop new regulations;
- review existing regulations that affect EU–US trade and investment in a major way.

This would:

- create more opportunities to raise the quality of products and services;
- lead to requirements for products in the EU and the United States that are more similar to each other than they are now;
- lower the costs for firms of meeting those requirements.

TTIP would set up ways for regulators to:

- start working closely together on a particular area;
- swap information;
- consult with each other.

While working more closely, both the EU and the United States would safeguard:

- each side's right to regulate in the public interest;
- regulators' independence.

#### 2. Working together internationally

We also want to work with the United States to promote:

- international cooperation on regulatory issues;
- internationally agreed approaches to regulation.

### 3. Creating institutions such as a regulatory cooperation body

In addition, we want to create institutions to:

- help us ensure we put the measures agreed in this part of TTIP into practice;
- identify possible new initiatives where regulators could work together.

### Sensitive or controversial issues

In this area, some issues are sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Lower protection</b>	
<i>'TTIP negotiations will lower protection for consumers and the environment.'</i>	We will keep our high levels of protection. In a number of areas, EU and US regulations provide similarly high levels of protection and could be compatible. In others, we will keep our different levels of protection.
<b>2. Right to regulate</b>	
<i>'TTIP will affect the EU's right to pass new regulations.'</i>	TTIP will reaffirm governments' right to regulate to achieve legitimate public policy objectives.
<b>3. Principles of regulation</b>	
<i>'TTIP, and in particular the regulatory cooperation body it will set up, will circumvent parliaments, governments or stakeholders' roles in the regulatory process.'</i>	TTIP will not change the rules set out in the EU treaties about how our regulations are made.



## 2.2. Technical barriers to trade (TBTs) in TTIP

Reducing barriers to EU-US trade from differences in things like labelling or safety testing

In this chapter, we want to:

- improve the way the EU and the US work together on technical requirements for products;
- reduce unnecessary repetition and costs of procedures in place for checking products;
- facilitate access to information on rules applicable to products.

### Reasons for negotiating technical barriers to trade

Technical requirements exist in all sectors of the economy. They affect most products we buy. Examples are:

- safety of toys;
- safety and energy efficiency of domestic appliances.

These technical requirements can be created by mandatory technical regulations

and voluntary standards that determine a product's:

- size and shape;
- design;
- labelling, marking and packaging;
- function and performance.

When these requirements can obstruct trade, we call them technical barriers to trade (TBT). The specific procedures used to check whether a product complies with these requirements are also covered by the definition of TBT.

These so-called 'conformity assessment procedures' can include:

- product testing;
- inspection;
- certification.

Governments usually introduce such technical requirements in the public interest. For example, to protect:

- human health and safety;
- animal and plant life and health;
- the environment;
- consumers from deceptive practices.

Even though the EU and US often share similar aims when they introduce their technical regulations, actual standards and procedures for checking products sometimes differ widely. This can create unnecessary obstacles to trade, i.e. TBTs.

## EU goals

In this part of the agreement, we want to:

- be able to use international standards (such as those agreed on in the International Organization for Standardization (ISO)) to make it easier to export to the US; such standards are widely used in the EU and around the world;
- eliminate or at least reduce unnecessarily duplicative or burdensome procedures for checking products;
- ensure easy access to information on regulations and standards that apply to goods in the US and the EU;
- improve cooperation between EU and US standardisation bodies when they draw up new standards; this will help reduce differences and they might even be able to agree on common standards;
- get more transparency in the US system on standards.

## Sensitive or controversial issues

The technical requirements and procedures for checking products in the EU and the US are fundamentally different.

Government and firms on both sides of the Atlantic have invested a lot in running and developing their systems. We need to take this into account.

Sensitivity/concern	EU response
<b>Security levels for ICT</b>	
«TTIP will result in lower security levels for commercial ICT products.»	The EU will not accept lower levels of security. The idea is to establish common principles for assessing how products comply with regulations.



## 2.3. Food safety and animal and plant health in TTIP<sup>2</sup>

Working together to boost food exports while protecting the EU's strict standards

In this chapter we want to:

- cut the time it takes the US to approve food imports from the EU;
- help EU and US regulators work more closely together in future on issues like animal welfare;
- uphold the EU's strict food safety standards.

### Reasons for negotiation

Imports of animals, plant materials and food products may pose a risk to our livestock, plants and human population.

In the jargon, these are known as sanitary and phytosanitary (SPS) issues.

Regulations in this field can have a big impact on trade. EU and US laws ensure a high level of protection, but sometimes use different means. This can lead to costly duplication of checks on products that have already been proved to be safe.

Or the process itself can be lengthy and burdensome.

Take European peaches, for example. The process of getting them approved for sale on the US market is still underway, and it has already taken 12 years. Of course, that puts EU producers at a real disadvantage.

Overall, this chapter in TTIP will aim to:

- minimise effects of regulations on trade by encouraging EU and US regulators to work together;

- respect legitimate goals to protect human, animal and plant health;
- remove unnecessary trade barriers;
- improve transparency and provide clear timelines for approving imports or new products.

### EU goals

In this part of TTIP, we want to create a privileged partnership with the US with:

- pragmatic and speedy procedures and decisions on regulations related to trade;
- a single approval process for exports from all EU countries, just like there is a single approval process for US exports to the EU;
- clear and transparent processes and timelines that reflect the fact that we're each other's most important trading partner;
- a basis for working together on regulations — including on animal welfare — to avoid differences that hinder trade;
- strong mechanisms for resolving trade issues.

### Sensitive or controversial issues

In this area, some issues are sensitive or controversial. Here's a summary of the main ones and what we're doing to address each of them.

(<sup>2</sup>) The official title of this chapter is 'Sanitary and phytosanitary (SPS) issues'.

Sensitivity/concern	EU response
<b>1. Food safety</b>	
<i>'TTIP will lower EU food safety rules, which are higher than those in the US. TTIP will open a race to the bottom.'</i>	It's not true that EU rules are always stricter. Both the US and the EU have made it equally clear that TTIP will not change existing food safety rules. The EU will keep its restrictions on hormones or growth promoters in livestock farming just as the US will keep its rules on microbial contaminants.
<b>2. GMOs</b>	
<i>'TTIP will force the EU to allow the growing of genetically modified plants.'</i>	Growing and selling genetically modified organisms is subject to an authorisation process in line with EU law. TTIP will not change this law. EU countries must also agree to any growing of GM plants. This will not change through TTIP.
<b>3. Animal welfare</b>	
<i>'TTIP will force the EU to adopt lower animal welfare standards.'</i>	TTIP will not affect EU animal welfare laws. The EU wants to set up a formal dialogue on animal welfare with US government regulators. We aim to do this in all our bilateral trade agreements so as to promote the highest standards of animal welfare possible.



## 2.4. Chemicals in TTIP

### Improving the way EU and US regulators work together

In this chapter we want to:

- enable EU and US regulators to work more closely together using existing bodies;
- avoid as far as possible unnecessary costs caused by different regulations in the EU and US;
- respect the EU's strict standards that protect people and the environment.

#### Reasons for negotiating chemicals

We believe that there is a potential to improve how EU and US regulators work together, including by:

- exchanging relevant technical and scientific information between regulators

so they are better informed when taking decisions about regulations;

- making available the most up-to-date knowledge for regulating new and emerging scientific issues.

#### EU goals

We want to make sure that in this part of the agreement, we:

- create mechanisms for better cooperation between our regulators within our existing systems;
- promote the use of relevant international standards, such as the UN globally harmonized system (GHS), for classifying and labelling substances;
- exchange information on new and emerging scientific issues.

Sensitive or controversial issues

main ones and what we’re doing to address each of them.

In this area, some issues are especially sensitive or controversial. Here’s a summary of the

Sensitivity/concern	EU response
1. Standards	
<i>‘Closer cooperation between regulators could mean EU regulators are slower to propose new legislative measures on chemicals.’</i>	<p>Any cooperation on chemicals between EU and US regulators would uphold the way we implement our respective laws.</p> <p>In the EU, these include two regulations on:</p> <ul style="list-style-type: none"><li>- the registration, evaluation, authorisation and restriction of chemicals (REACH); and</li><li>- the classification, labelling and packaging (CLP).</li></ul> <p>In the US, they include the Toxic Substances Control Act (TSCA).</p> <p>We will still:</p> <ul style="list-style-type: none"><li>- set out new measures in line with processes and timelines laid down in our laws and regulations;</li><li>- aim for levels of health and environmental protection required in those laws.</li></ul>
2. New issues	
<i>‘If EU and US cooperate more closely on new or emerging scientific issues, they could weaken or delay new EU laws.’</i>	<p>The EU will fully preserve its right to regulate and to act whenever needed.</p>



2.5. Cosmetics in TTIP

Helping EU and US regulators work together to keep consumers safe

In this chapter we want to:

- enable EU and US regulators to work together on things like safety tests and product labelling;
- speed up the time taken to test and approve new products.

Reasons for negotiating cosmetics

EU and US regulators already cooperate with each other in this area, even though the EU and US have different systems for regulating cosmetics.

TTIP could benefit consumers and industry by enabling regulators to work even more closely with each other — on things like checking the safety of new and better products, so consumers can buy them sooner than at present.

## EU goals

In this part of the agreement, we want to:

- agree to work more closely on scientific safety assessments;
- agree to work on alternative methods of animal testing and to push for the progressive phase-out of animal tests worldwide;
- improve technical cooperation between regulators to facilitate US approval of UV filters already authorised in the EU;
- work together on labelling using international practices;

- collaborate in new areas, such as:
  - allergen labelling;
  - market surveillance, to make sure products remain safe after companies start to sell them to consumers;
- create a basis for jointly developing regulations on new areas not yet fully regulated.

## Sensitive or controversial issues

In this area, some issues are sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Banned substances</b>	
<i>'The Commission intends to use TTIP to change the EU's list of prohibited substances in cosmetics.'</i>	TTIP will not amend the EU's list of 1 372 banned substances.  For new substances, the EU and the US could benefit from sharing scientific assessments that could lead to new bans or restrictions.
<b>2. Changes in EU law</b>	
<i>'TTIP will mean that cosmetics containing banned substances will be sold in the EU.'</i>	Cosmetics, just like any other product sold in the EU, will still have to comply with EU law. No trade agreement can change that fact.
<b>3. Permitted substances</b>	
<i>'What is the objective as regards lists of allowed substances?'</i>	The EU list of permitted cosmetic ingredients — such as UV filters — is longer than that of the US.  Under TTIP, we want the US to use the EU's scientific assessments for its own authorisation process.
<b>4. Precautionary principle</b>	
<i>'TTIP will affect the precautionary principle.'</i>	The precautionary principle is enshrined in EU law; TTIP will not change this.





## 2.6. Engineering products in TTIP

Maintaining high standards while making it easier to export

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In this chapter we want to help EU and US regulators work together to:

- align our technical requirements and testing methods;
- keep the EU's high standards;
- make it easier to export and import engineering goods.

### Reasons for negotiating engineering products

In 2013, trade in engineering goods — such as fridges, plugs, mobile phones, pleasure boats, tractors and pressure equipment — between the EU and the US accounted for around 25% of all trade.

There are almost 200 000 companies in the electrical and mechanical engineering sector in the EU. Together, they employ almost 5 million people in the EU.

But in some cases, there are big differences on either side of the Atlantic in:

- technical regulations;
- standards and procedures for checking whether a product meets these regulations.

This can make it harder to export or import products.

We want to improve EU-US cooperation on these issues.

The most effective point at which to do that would be whenever either side starts drawing up new regulations.

Ideally, we would like to make our technical requirements and checking procedures compatible with each other.

If regulators worked together, they could reduce the technical differences between EU and US whilst respecting our high standards. For example, they could decide that the colours required for wiring in machines should be identical.

The EU is looking to identify products that would most benefit from regulators working together.

### EU goals

We want to work with the US on using standards widely used in the EU and other countries around the world, such as those set by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) as a way of meeting US regulations.

Cutting the cost of checking if a product conforms to US standards and getting EU and US regulators to talk to each other early on in the process to avoid unnecessary differences between their respective regulations.

## Sensitive or controversial issues

Sensitivity/concern	EU response
<b>Safety standards</b>	
<i>'TTIP negotiations will result in a race to the bottom for safety standards.'</i>	The EU will not compromise on safety standards. The idea is to align technical requirements where possible while maintaining high safety standards.



## 2.7. Information and communication technologies (ICT) in TTIP

Working together to enforce standards and protect consumers

In this chapter we want to:

- improve the way we enforce regulations and protect consumers;
- make it easier for EU firms to export to the US;
- cut unnecessary cost.

- e-accessibility — making ICT easy to use for people with disabilities;
- interoperability — enabling users to exchange data easily between different products;
- set common principles for certifying ICT products, especially for encoding and decoding information ('cryptography' in the jargon).

### Reasons for negotiating ICT

Information and communication technologies (ICT) already benefit from global standards and technical specifications.

However, the EU and US could cooperate in other ways that would benefit consumers, businesses and government authorities.

This would help us avoid unnecessary differences in our rules and guarantee a high level of consumer protection.

### Sensitive or controversial issues

In this area, some issues are especially sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

### EU goals

In ICT, we want to:

- set up ways of working together to better enforce regulations in the EU and US;
- increase cooperation between regulators on things like:
  - e-labelling — setting standards for providing product information to consumers in electronic format, where this replaces labels and stickers;

Sensitivity/concern	EU response
<b>1. Standards</b>	
<i>'TTIP negotiations will result in a race to the bottom for safety standards.'</i>	The EU will not compromise on safety standards. We want to align technical requirements where possible while maintaining high levels of safety. We want to foster the use of global standards.
<b>2. Security</b>	
<i>'TTIP will result in lower security levels for commercial ICT products.'</i>	The EU will not accept lower levels of security. The idea is to establish common principles for assessing how products comply with regulations.



## 2.8. Medical devices

Working better together to approve, monitor and recall devices

In this chapter we want to:

- make medical devices more accessible and traceable while maintaining our high safety standards.

### Reasons for negotiating on medical devices

Medical devices include things like:

- pacemakers;
- scanners;
- x-ray machines.

They're a vital part of modern health systems.

Both the EU and the United States have strict rules for such devices. Sometimes these rules overlap or test the same things twice.

This can mean:

- extra costs for public health systems;
- delays in making new devices available for patients.

We want to use TTIP to improve cooperation between EU and US regulators. This could benefit both the public and industry.

The EU and the United States have already removed customs duties on most medical devices, so TTIP's benefits will chiefly come from EU and US regulators working better together to ensure:

- faster access to life-saving devices by streamlining approval procedures — for example by having similar electronic forms in the EU and the United States for sending in data from trials;
- better procedures for:
  - monitoring products;
  - recalling them when necessary.

### EU goals

We want EU and US regulators to:

- work more closely together on medical devices;
- base their work on the international medical devices regulatory forum (IMDRF).

We want to:

- agree to base our national systems for identifying and tracing medical devices on the international **unique device identification (UDI)** system;
- make sure the EU's and the United States' UDI databases are compatible with each other;
- harmonise forms for getting new medical devices approved, so EU and US regulators can work on approvals at the same time; this will make new devices available more quickly;

- work towards recognising each other's **quality management systems (QMS)** audits;
- create a basis for jointly developing state-of-the-art regulations on new areas not yet fully regulated.

### Sensitive or controversial issues

In this area, some issues are especially sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Approval process</b>	
<i>'TTIP will harmonise the way a medical device is approved in the EU and in the United States.'</i>	<p>In TTIP we don't want to harmonise the approaches for the approval of a medical device in the EU and the United States.</p> <p>Although the two systems are different, both provide a high level of consumer protection.</p> <p>In TTIP we want to streamline the approval processes, for example by having a common application form when applying for approval of a new medical device.</p> <p>Manufacturers could apply simultaneously for approval in the EU and the United States and make new devices available to patients more quickly.</p>
<b>2. Regulation</b>	
<i>'TTIP will affect the revision of the EU's medical devices regulations.'</i>	<p>The revision of the EU's medical devices regulations is being discussed by the governments of the EU Member States and the European Parliament. TTIP does not, and will not, interfere with that internal process.</p>



## 2.9. Pesticides

Working together to make trade easier and help farmers grow more 'niche' crops

- Regulators from the EU, the United States and other countries are already discussing pesticides.
- With TTIP, we want to complement this work to make EU–US trade easier and help farmers grow more 'niche' crops.

### Reasons for discussing pesticides

Regulators from the EU, the United States and other countries are already discussing pesticides in international bodies, including:

- the Organisation for Economic Cooperation and Development (OECD) — which brings together 34 industrialised countries;
- the United Nations (UN).

The OECD has a pesticides working group where member countries work together to:

- share their findings;
- harmonise their strategies and guidelines for testing pesticides.

At the UN, a body called the CODEX Alimentarius deals with international food standards. It sets global limits for pesticides, called maximum residue levels, or MRLs.

Both the EU and the United States play an active part in these and other groups.

We want to continue doing so and avoid duplicating the work these groups do.

For that reason, we don't plan to include a specific chapter on pesticides in TTIP.

Instead, EU and US regulators would complement their work in these global bodies by continuing to discuss specific issues between themselves.

Doing so could benefit consumers and companies on both sides of the Atlantic.

### EU goals

#### 1. Making trade easier

The EU wants to look at how we can make it easier to export food and drink products, like olive oil, to the United States.

One example of how we could do this is 'pre-export checks'.

We could agree with the United States that whenever an EU company wanted to export a food or drink product to the United States, EU regulators would check pesticide levels in the product **before** the company shipped it.

Then:

- EU regulators would tell their counterparts in the United States if the product met US standards for pesticide levels;
- if the product did meet US standards, the company could export in confidence — without the risk that US customs could block their product, which would cost the exporter a lot of money.

#### 2. Promoting 'niche' crops

So-called 'niche' crops are ones like parsley, leeks, celery or lettuce, where at the moment the market isn't as big as for other crops like wheat or maize (corn).

We want to help farmers produce more of these niche crops. To do that they need to be able to use certain pesticides at levels that studies have proved are safe.

In many cases, no one has yet carried out these studies. So there's no official safe

limit, and farmers can't use the pesticides in question for these crops.

That's where TTIP could help. Regulators could agree to share information they've gathered from studies on niche crops that they've carried out already, or are planning to.

Doing so would also mean they could:

- make better use of their limited resources, helping to protect consumers more effectively;

- speed up approvals for using pesticides within strict limits and without compromising on safety.

## Sensitive or controversial issues

In this area some issues are sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Health and the environment</b>	
<i>'TTIP could weaken the EU's regulations on pesticides and lower our strict health and environmental standards.'</i>	<p>TTIP will fully respect the EU's existing regulatory standards on pesticides.</p> <p>We will:</p> <ul style="list-style-type: none"> <li>• keep the EU plant protection products Regulation (EC) No 1107/2009;</li> <li>• uphold the levels of protection for people's health and the environment that the regulation sets.</li> </ul>
<b>2. Residues in food</b>	
<i>'TTIP could mean that EU regulators allow higher pesticide residues in food sold in Europe.'</i>	<p>TTIP won't lower MRLs — the highest quantity of pesticides that can remain in any food sold in the EU.</p> <p>And it won't allow products from the United States that go above those levels onto the EU market.</p>
<b>3. Hormone-disrupting chemicals</b>	
<i>'TTIP could stop the EU from regulating hormone-disrupting substances. For products sold in the EU, this could allow residues of some pesticides that might otherwise be banned.'</i>	<p>TTIP will not open the EU market to hormone-fed beef.</p> <p>And the EU will continue to regulate these substances in line with legislation already in force.</p>



## 2.10. Pharmaceuticals

Enabling regulators to work together more closely to ensure medicines are safe and effective

In this chapter, we want to:

- join forces to ensure medicines meet strict standards of efficacy, quality and safety;
- support each other's work on developing regulations in new areas.

### Reasons for negotiating on pharmaceuticals

We already work together with the United States on pharmaceuticals — for example, we have removed customs tariffs on exports between the EU and the United States. And our regulators work together closely.

With TTIP, we now want to help them work together even more. Doing so would make a difference for patients and industry across Europe.

More specifically, we want to help regulators in three main areas — inspections, approvals and innovation.

#### 1. Inspections

Regulators check the way companies make medicines regularly to ensure they meet strict EU standards.

Doing this is more of a challenge nowadays, because companies often use global supply chains. They produce a medicine in stages, with different ingredients coming from suppliers in different countries.

#### 2. Approvals

This is about the time and resources a pharmaceutical company needs to devote to get a new medicine onto the market.

When a company develops a new medicine, it first has to carry out studies, including clinical trials, before regulators will consider whether it can sell its product.

These studies have to show that the benefits of using the medicine outweigh the risks.

We want to avoid the need for a company to carry out the same studies twice in order for both EU and US regulators to approve its product.

#### 3. Innovation

This is about helping regulators work together closely in areas where science is evolving fast.

Developing new medicines means working at the cutting edge of science. This can make it more of a challenge for regulators to check if those products are safe.

We can make the regulators' task easier by enabling them to:

- share their expertise and findings with each other;
- exchange views based on the latest science available.

### EU goals

#### 1. Inspections

We would recognise each other's inspections of manufacturing plants based on principles and guidelines known as good manufacturing practice (GMP).

These ensure companies produce their medicines consistently and to the required quality standards. They cover things like:

- manufacturing procedures and equipment checks;

- laboratory analyses and record-keeping;
- staff qualifications;
- systems for assuring products' quality.

By doing so, we would:

- benefit from each other's inspections and the resources needed to carry them out;
- avoid unnecessarily doing the same work twice.

## 2. Approvals and innovation

For all medicines, we want to help EU and US regulators to:

- exchange information that makes it easier to decide whether to approve medicines;
- work more closely with the United States in the international conference on harmonisation of technical requirements for registration of pharmaceuticals for human use, or ICH for short; this is an international body that brings together industry and regulators from the EU, the United States and other regions;

- work more closely with each other in areas where the ICH hasn't yet agreed on international rules — for example, on generic medicines.

For so-called 'biosimilars':

- regulators would work more closely together on EU and US requirements for medicines similar to biological medicines that regulators have already authorised.

Biological medicines are used to treat a wide range of conditions, such as cancer or autoimmune disorders.

## Sensitive or controversial issues

Some issues in this chapter are sensitive or have raised particular public concerns.

Here's a summary of the main ones and the EU's position on each of them.

Sensitivity/concern	EU response
<b>1. Pricing medicines, reimbursing bills</b>	
<i>'With TTIP, EU governments would lose their right to decide:</i>	Neither TTIP nor any other EU trade deal would affect EU governments' right to decide how much people have to pay or how they're reimbursed.
<i>• the prices people pay for medicines; or</i>	The only thing EU law requires of governments is that they make their decisions in a clear, open way.
<i>• how people are reimbursed.'</i>	
<b>2. Transparency of clinical trial data</b>	
<i>'TTIP might undermine EU policies to ensure the public can see data from trials of new medicines.'</i>	The EU adopted a new regulation on clinical trials in 2014 (Regulation (EU) No 536/2014) and in October 2014 the European Medicines Agency published its final policy document on public access to clinical data.
	We won't negotiate — either in TTIP or in other EU trade deals — any rules that affect this right in any way.
<b>3. Protecting intellectual property</b>	
<i>'TTIP would make it harder for people to afford the medicines they need by handing companies stronger rights over their intellectual property that stop other firms producing the same medicine.'</i>	The EU and the United States already have effective rules in place for protecting intellectual property.
	These rules strike a delicate balance by allowing:
	<ul style="list-style-type: none"> <li>• companies to profit from their research and remain amongst the most competitive in the world;</li> <li>• patients to benefit from new medicines.</li> </ul>
	We won't negotiate anything in TTIP that would:
	<ul style="list-style-type: none"> <li>• upset this delicate balance; or</li> <li>• increase costs for EU Member States' national health systems, which are already stretched.</li> </ul>





## 2.11. Textiles

Working more closely together on standards for clothing

In this chapter we want to improve cooperation between regulators in the EU and the United States.

### Reasons for negotiating on textiles

Companies that export textiles, or want to do so, are most concerned about rules of origin and customs duties.

However, cooperation between EU and US regulators could help them too.

### EU goals

In this part of the agreement, we want to:

- work together on **labelling** textiles and clothes, including:
  - mutual recognition of care instruction symbols;
  - agreeing on names for new fibres;
- work together on **product safety** and consumer protection;
- work on **standards** and testing methods.



## 2.12. Vehicles in TTIP

Creating a transatlantic market for cars and trucks

In this chapter we want to:

- identify current EU and US standards that are equivalent;
- harmonise certain regulations;
- develop global regulations;
- work together in planning new regulations.

### Reasons for negotiating on vehicles

The United States accounts for 18% of all EU vehicle exports. And more than one in eight cars imported to the EU comes from the United States.

Sophisticated regulations in the EU and the United States generally achieve similar levels of safety. A vehicle proved safe in the EU should therefore be considered safe in the United States, just as a US vehicle should be in the EU.

However, our regulations developed in parallel, creating differences that make it costly to comply with both sets of rules.

For example, American and European cars have different safety standards for nearly every part, from the seats and seatbelts to the doors. This means that a car maker has to go through a long approval process to import a car from the United States.

If we achieve our goals, then this agreement would allow more American cars to be recognised as safe for driving in Europe ... and more European cars to be recognised as safe for driving in the United States.

That would increase the range of choice across the continent.

So consumers and manufacturers alike would benefit from regulators agreeing on cases in which our rules provide the same protection.

## EU goals

We have four goals for this chapter.

### 1. Agree where EU and US technical standards match

This is the most economically important. EU and US regulators are trying to develop a method for deciding when standards match.

The EU wants both sides to recognise as many as possible of their respective requirements as equivalent to each other.

### 2. Develop global regulations under the UN and encourage other countries to adopt them

This is an option for cases where:

- we can't agree that EU and US standards are equivalent to each other;
- doing so might not help trade.

We want to expand the list of technical standards for vehicles that the United Nations Economic Commission for Europe (UNECE) agreed upon in 1998.

### 3. Agree to harmonise certain EU and US regulations, especially for new technologies

Where there are not yet any regulations but there is a clear need for them, harmonised EU–US standards could be the first step for global rules under UNECE. One example is electric vehicles.

### 4. Coordinate plans for new regulations and research into new technologies



## TTIP: Part 3

# Rules

New rules to make it easier and fairer to export, import and invest

Chapter 3.1.		Sustainable development	Protect people at work, and the environment
Chapter 3.2.		Energy and raw materials	Ensure firms can access energy and raw materials
Chapter 3.3.		Customs and trade facilitation	Cut red tape at customs and simplify paperwork
Chapter 3.4.		Small and medium-sized enterprises	Help smaller firms benefit fully from TTIP
Chapter 3.5.		Investment protection and investor-state dispute settlement (ISDS)	Encourage US investment in the EU while protecting EU governments' right to regulate as they see fit
Chapter 3.6.		State-state dispute settlement	Help governments sort out disagreements
Chapter 3.7.		Competition policy	Allow EU and US firms to compete on equal terms
Chapter 3.8.		Intellectual property rights and geographical indications	Ensure firms can profit from research; help shoppers choose food from a particular region



## 3.1. Sustainable development

Promoting the protection of people's rights at work and the environment

In this chapter we want to:

- safeguard basic rules that protect people's rights at work and the environment;
- keep civil society involved in the way in which we put TTIP into practice;
- encourage businesses to be good corporate citizens.

### Reasons for negotiating on trade and sustainable development

We want ambitious provisions that ensure that economic growth, development and environmental protection go hand in hand.

More trade doesn't have to come at the expense of workers or the environment.

In fact, we want TTIP to support social progress. We believe measures in this area could benefit people by:

- reinforcing labour and environmental governance;

- fostering civil society involvement on trade and sustainable development issues;
- promoting corporate social responsibility in EU and US companies.

### EU goals

In this part of the agreement, we want to:

- support core international standards and conventions for labour and the environment;
- keep our right to set high levels of environmental and labour protection and avoid any race to the bottom;
- tap trade's potential to advance sustainable development objectives, for example through more trade in sustainably managed natural resources or in green goods and services.

### Sensitive or controversial issues

In this area, some issues are sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Labour standards</b>	
<i>'TTIP will lower workers' rights and undermine the role of the International Labour Organisation (ILO).'</i>	We want high levels of protection for workers in TTIP, based on ILO instruments.
<b>2. Climate change</b>	
<i>'TTIP will jeopardise the EU's ambitious climate policy.'</i>	EU climate legislation is not part of TTIP negotiations. On the contrary, TTIP will support our climate targets, for example by promoting trade and investment in green goods and services.

### 3. Conflict resolution

*'TTIP will not include an effective way to resolve conflicts.'*

We want a transparent, independent mechanism to resolve conflicts within a set timetable and that will allow interested parties from civil society to make their views heard.



## 3.2. Energy and raw materials

Securing more stable and sustainable access to natural resources

In this chapter we want to:

- agree on rules to promote an access to energy and raw materials that is:
  - open;
  - rules-based;
  - competition-friendly;
  - sustainable;
- eliminate existing limits;
- promote the development of green energy.

### Reasons for negotiating on energy and raw materials

Securing more open, diversified, stable and sustainable access to energy and raw materials is one of Europe's main challenges.

We need to develop new rules on trade and investment in this sector because:

- we increasingly depend on natural resources outside the EU;
- we need to promote fair, competition-friendly and sustainable access to them;
- international trade and investment rules have not caught up with today's interdependence.

So the EU and the United States should lead efforts to:

- promote sustainability in the use of traditional fuels;

- develop the new green energies of the future.

TTIP is our chance to make a difference.

### EU goals

Our main goals in the area of energy and raw materials are:

- to create a strong set of sustainable trade and investment rules to facilitate access to energy and raw materials;
- to diversify access to raw materials and energy suppliers.

In doing so, we get the chance to:

- act as a model for future negotiations with other countries;
- make trade and investment more transparent and non-discriminatory;
- promote competition and transparent rules, including on resource exploitation and access to infrastructure like pipelines;
- promote sustainability;
- contribute to the development of new rules in this area.

### Sensitive or controversial issues

In this area, some issues are sensitive or controversial.

Here's a summary of some key issues and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. Fracking</b>	
<i>'TTIP will allow US firms to produce shale gas in the EU if we agree on trade and investment rules in the area of energy.'</i>	The government of each EU member country is responsible for deciding whether to allow shale gas production in their country. Nothing in TTIP could limit this sovereign right.
<b>2. Fossil fuels</b>	
<i>'There is nothing in TTIP on renewable energy.'</i>	Our negotiations in TTIP cover the entire energy sector. We aim to include rules that will promote renewable energy and energy efficiency — areas that are crucial in terms of sustainability.
<b>3. Carbon emissions</b>	
<i>'Importing American natural gas, such as methane, is energy intensive. Carbon dioxide (CO<sub>2</sub>) levels will increase.'</i>	The shale revolution in the United States has so far only led to increased coal imports into the EU. Replacing the import of coal by natural gas will have a positive effect: it will reduce our CO <sub>2</sub> levels rather than increase them.
<b>4. Sovereignty</b>	
<i>'TTIP could reduce the rights of countries to decide whether or not to allow exploitation of their natural resource.'</i>	Decisions on whether or not to allow exploitation of a natural resource will not be affected by TTIP. However, if a decision is taken to allow exploitation in a country, TTIP aims to foster better competition and open access.



### 3.3. Customs and trade facilitation

Streamlining customs rules and controls to make exporting easier

In this chapter we want to:

- make it easier for companies trading goods between the EU and the United States to get their goods through customs;
- continue to ensure that firms can only export goods that meet our rules;
- in that way, protect people and the environment.

#### Reasons for negotiating on customs and trade facilitation

When a firm in the EU exports its products to the United States, customs officers at the US border check the products to make sure they meet US rules and regulations.

The same applies to exports from the United States to the EU.

These customs checks:

- stop harmful or illegal goods from finding their way into our shops;

- ensure that:
  - companies pay any customs duties and taxes that are due for their kind of product;
  - governments get the money they count on to pay for their budgets.

We want to help boost EU–US trade by agreeing on new rules for our customs procedures.

These rules would:

- streamline the procedures to make them more efficient;
- save time, money and hassle for all companies.

Two examples of where we could make life easier for EU exporters are:

- a processing fee that US customs apply;
- a maintenance fee that certain US ports charge their users.

When an EU company sends a shipment to the United States, it has to pay any customs duties that apply.

However, it also has to pay another customs fee on top for processing the goods it's exporting. The fee depends on the value of the goods, but can come to as much as USD 485. TTIP would exempt goods of EU origin from this charge.

If an EU company is importing goods into the United States through certain ports, it also has to pay a harbour maintenance fee to use the port.

The rate is less than 0.15% of the value of the goods being imported. This can still come to a lot for high-value goods, such as medicines, which European companies typically export across the Atlantic.

Our aim in TTIP is to cut or scrap fees such as these.

## EU goals

In this part of TTIP, we want to set up new customs rules that:

- make it easier for firms to export between the EU and the United States;
- allow customs officers to carry out the checks they need to make to ensure:
  - goods coming into the country are safe;
  - companies pay any duties or taxes due at customs.

Some of the ways we could do this include:

- agreeing on simple effective rules that are easy to understand and follow;
- using one set of forms for companies to fill in at either the EU or US border;
- ensuring that customs procedures are transparent, for example by making them available online;
- getting customs in the EU and the United States to work more closely together in future.

The World Trade Organisation is the body that sets the rules for global trade.

Its members — including the EU, the US and most other countries in the world — have already agreed on an international Agreement on Trade Facilitation (TFA).

The agreement:

- sets out procedures that a country's customs authorities should apply when a foreign company or individual wants to export goods to that country;
- helps make it easier for that company or individual to get their goods through customs.

We want to make sure that we and others put the TFA into practice, and in TTIP we want to go even further, whenever we can.



## 3.4. Small and medium-sized enterprises

Ensuring Europe's smaller firms can make the most of TTIP

In this chapter, we want to make sure smaller firms across the EU — ones with less than 250 staff — can:

- sell to or import from the United States more easily — something thousands of them do already;
- take full advantage of TTIP to help grow their businesses.

### Reasons for negotiating on SMEs

Europe's 20 million smaller firms — ones with less than 250 staff — form the backbone of our economy.

They:

- employ more than two thirds of people working in the private sector;
- create far more new jobs than other parts of the economy — 85% of the total between 2002 and 2010.

Small firms face the same trade barriers as their large peers but they have fewer staff and less money to deal with them. So small businesses in particular will benefit from any progress we make in TTIP to:

- remove customs duties;
- simplify customs procedures;
- reduce the cost of diverging standards;
- or
- improve protection of intellectual property rights.

Small companies need extra help to make the most of the new trade and investment opportunities TTIP could create.

This is why we want to ensure that smaller firms have:

- access to the information they need;
- help with exporting or investing abroad;
- a voice in implementing TTIP agreement.

### EU goals

In this part of the agreement, we want to set up a free online helpdesk where smaller firms in the EU can find all the information they need to export to, import from or invest in the United States, including:

- customs duties and taxes due on particular products;
- regulations and customs procedures that firms would have to follow;
- market opportunities.

The EU already has a similar online helpdesk for firms wanting to export to Europe.

We also want to:

- exchange best practices on helping smaller firms export or invest abroad; they already work together on business networking and access to finance — we want them to strengthen their cooperation in these and other areas;
- give smaller firms a voice in implementing TTIP agreement; we want to set up a committee to liaise with the small business community and convey its priorities and concerns to the EU and US trade authorities.

The European Commission has asked smaller European firms what problems they face when doing business in the United States. Based on their feedback, we might propose more measures under TTIP to help them further.





### 3.5. Investment protection and investor-state dispute settlement (ISDS)

Attracting US investors while protecting EU governments' rights

In this chapter we want to:

- provide new investment opportunities;
- level the playing field for EU investments in the United States;
- reform the current investment protection system.

#### Reasons for negotiating on investment protection

The EU is the biggest investor in the United States. Taken together, EU companies have invested over EUR 1.6 trillion in the United States.

European companies also rely on investment to grow, and once they do they need staff with the right skills and reliable infrastructure.

A closer partnership with the United States would encourage just that kind of investment.

TTIP would help the EU compete better by providing more opportunities for EU companies in the United States — for example, in services, where EU firms are particularly strong.

However, being able to compete in the United States often requires major further investment.

EU countries have more than 1 400 agreements (known as Bilateral Investment Treaties, or 'BITs') to encourage foreign firms to invest in them.

They give overseas investors certain rights. One is investor-state dispute settlement, or ISDS.

An investor can ask a panel of international arbitrators to judge if a government has treated them unfairly. If the tribunal decides the government has, it can make it pay compensation.

The basic principles for investment protection prohibit:

- discrimination against foreign investors;
- expropriation of foreign investments without compensation;
- denial of justice to foreign investors in domestic courts;
- abusive or arbitrary treatment of EU and US investors in each other's territory.

Existing investment protection provisions have generally worked well.

However, many investment agreements that EU countries already have in place don't strike the right balance that the EU wants to see between:

- guaranteeing governments' right to regulate; and
- the need to protect investors.

So the system, including ISDS, needs improving and updating.

TTIP is a great opportunity for the EU to do just that. That's why the European Commission is carefully defining a new approach on investment protection.

We're looking at several possible improvements. These include:

- reviewing the way ISDS tribunals work and how we appoint the arbitrators that sit on them;

- creating a system that allows either side in a case to appeal against a tribunal's decision;
- strengthening EU governments' right to regulate in the public interest.

## EU goals

The EU wants to:

- encourage investors to come to the EU market;
- protect EU investors abroad by ensuring permanent, stable rules for EU–US trade;
- strengthen EU governments' right to regulate to:
  - protect people and the environment;
  - achieve other goals that benefit society as a whole.

In 2014 we asked people to comment on our proposals online.

We're now consulting further with:

- EU stakeholders and governments;
- the European Parliament.

This will help us draft proposals to reform the EU's investment protection system. Of course, the final result must also:

- protect governments' right to regulate;
- make the system more transparent.

## Sensitive or controversial issues

In this area, some issues are sensitive or controversial. Here's a summary of the main ones and what we're doing to address each of them.

The report of the public consultation will include an analysis of potentially sensitive issues.

Sensitivity/concern	EU response
<b>1. Governments' right to regulate</b>	
<i>'Investment protection and ISDS in TTIP will jeopardise the legitimate right of governments to regulate in the public interest.'</i>	The EU has put forward in the public consultation several proposals for safeguarding the right to regulate. These include notably an explicit acknowledgement of the right to regulate and the clarification and limitation of the rights investors are granted.
<b>2. ISDS cases</b>	
<i>'ISDS proceedings are conducted in secret and tainted by bias and conflicts of interests.'</i>	The EU has put forward in the public consultation proposals that would ensure full transparency and further guarantees for impartiality and ethical conduct of arbitrators.
<b>3. ISDS decisions</b>	
<i>'ISDS tribunals generate inconsistent and sometimes biased practice and their decisions should be subject to review.'</i>	The EU has flagged the need to review ISDS tribunals' decisions through an appellate mechanism.



### 3.6. State-state dispute settlement

Setting up a fair, effective way to resolve disputes between the EU and US governments arising from TTIP

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In this chapter we want to:

- set up an effective way of sorting out differences between governments in the EU or the United States on TTIP;
- base ourselves on a system already in place at the World Trade Organisation (WTO);
- ensure our system is fully transparent.

#### Reasons for negotiating on dispute settlement

The way the WTO resolves disputes between its 160 member countries is very successful. These rules only apply to WTO agreements though.

We want to use the same method in TTIP to clarify and enforce the rights and rules we negotiate with the United States.

In this way, we can:

- sort out any differences with the United States when interpreting and implementing TTIP — and in a way that is predictable;
- use clear procedures to solve disagreements before they develop into a full-blown dispute;
- avoid negative spillover effects for EU–US relations.

#### EU goals

TTIP would be based on the WTO's successful dispute settlement system and would feature important innovations, such as:

- enabling the EU and US to decide in advance which arbitrators are eligible to sit on panels, rather than choosing them on a case-by-case basis; this would increase mutual trust in the arbitrators and their rulings;
- ensuring even greater transparency by:
  - holding hearings in public;
  - allowing interested parties, such as non-governmental organisations, to give their views in writing;
  - publishing all views submitted to the panel of arbitrators.



### 3.7. Competition policy

A model for global policies to promote free and fair competition

In this chapter we want to:

- agree on rules to stop firms:
  - colluding to fix prices; or
  - abusing market power;
- ensure private companies can compete with state-owned ones on equal terms;
- make sure that if a government in the EU or the United States subsidises a company, it does so transparently.

#### Reasons for negotiating on competition policy

Fair and free competition ensures a level playing field for EU and US firms.

However, this is not always the case. Certain global issues can distort competition.

The main ones involve:

- state-owned enterprises (SOEs) — companies that governments own or effectively control sometimes enjoy advantages denied to their competitors in the private sector;
- subsidies — the EU already has a transparent system for overseeing and controlling the subsidies governments sometimes give

companies — a system that benefits all the countries we trade with.

These issues can't be tackled by national competition authorities alone.

TTIP is an opportunity for the EU and the United States to:

- underline the values they share in adopting and enforcing competition laws;
- affirm their existing high standards.

A strong competition chapter in TTIP could serve as an example that other countries could follow too.

#### EU goals

We want to:

- build on the effective EU–US cooperation agreement to enforce competition laws;
- further develop rules on competition and cooperation, including with other countries;
- ensure that SOEs with monopoly powers or special rights do not discriminate against private companies;
- agree rules on transparency for subsidies to companies supplying industrial goods and services.

#### Sensitive or controversial issues

Sensitivity/concern	EU response
<b>Public services</b>	
'TTIP could undermine public services in the EU.'	<p>The basis for the EU's position on competition in TTIP is the EU's existing legal framework.</p> <p>Our proposal fully safeguards the treatment of public services under the relevant EU rules, including rules on competition, subsidies and SOEs.</p> <p>So there's no risk that TTIP would undermine public services in the EU.</p>



## 3.8. Intellectual property rights and geographical indications

Helping to bring more innovative products and services more quickly to EU and US consumers

In this chapter we want to:

- agree on joint principles and find ways to work more closely together;
- encourage investment in innovation and research;
- help generate growth and jobs and benefit businesses and consumers.

### Reasons for negotiating IPR and GIs

Innovation and creativity drive economic growth in both the EU and the United States. They also help give consumers more choice and create jobs.

Intellectual property rights (IPR) reward individuals and firms that innovate or put their creativity to work.

IPR includes:

- patents, trademarks and designs;
- copyright;
- geographical indications (GIs).

They allow firms or individuals that invent, improve, brand or create new products or services to:

- stop their unauthorised use;
- make money from their effort and investment.

A recent study estimated that IPR-intensive firms account for:

- nearly 40% of the EU economy, worth some EUR 4.7 trillion each year;
- 35% of the EU's work force.

The EU has developed modern, integrated rules to protect IPR. These help generate growth and jobs.

They also ensure the right balance between the interests of:

- those who hold the rights to intellectual property; and
- those who use that property.

The United States also has sophisticated rules for IPR.

Its policies are based on broadly similar principles to our own, so the rules for protecting IPR across the Atlantic are predictable.

And the EU and the United States already export to and import from each other a lot of goods and services that depend heavily on intellectual property.

In TTIP, we want to:

- raise awareness of the role of IPR in encouraging innovation and creativity;
- protect the people and firms that come up with new ideas and use them to make high-quality products by enforcing IPR rules in a balanced way;
- encourage investment in research and development that produces new ideas, as well as branding of products and services.

### Protecting geographical indications

GIs are one area in particular where we want to see progress.

Many food and drink products from the EU are produced, processed or prepared in specific regions.

They have 'names of origin' linked to where they're from. Examples include:

- Tiroler Speck, a kind of ham from Austria;

- Grappa, a spirit from Italy;
- Beaufort, a cheese from France.

At the moment, the EU and the United States protect names of origin differently:

- EU law protects them as GIs;
- US law allows producers to protect these names as trademarks, but many EU names aren't protected.

The current US system, and the way it's enforced, means products are often sold in the United States that:

- use names of origin from a particular region in the EU; but
- weren't actually produced there.

This misleads consumers in the United States and it means EU producers lose out.

So we want the United States to improve its system in several important ways.

These include:

- protecting an agreed list of EU GIs, with rules to stop other producers misusing them;
- enforcing those rules effectively.

## EU goals

In this part of the agreement, we want to agree with the United States on:

- shared principles that:
  - are based on existing rules and practice in the EU and the United States;
  - stress the importance of IPR in generating innovation, growth and jobs;
- binding commitments on certain important issues, like:
  - GIs;
  - aspects of copyright that the EU already protects, such as:
    - resale rights for visual artists;
    - public performance and broadcasting rights;
- getting governments and stakeholders to work together on areas where they share interests.

## Sensitive or controversial issues

In this area, some issues are sensitive or controversial.

Here's a summary of the main ones and what we're doing to address each of them.

Sensitivity/concern	EU response
<b>1. ACTA</b>	
<i>'TTIP may try to introduce certain rules through the back door, which the EU first tried to adopt in a planned Anti-Counterfeiting Trade Agreement, or ACTA, which the European Parliament rejected.'</i>	<p>The EU and the United States have detailed enforcement provisions already, whereas some other countries that planned to join the ACTA didn't. So we won't negotiate rules on things like:</p> <ul style="list-style-type: none"> <li>• penal enforcement;</li> <li>• Internet service provider liability.</li> </ul>
<b>2. Higher prices</b>	
<i>'IPR-related rules in TTIP may increase prices for new pharmaceutical products.'</i>	<p>The current balance between innovation and keeping medicines affordable is essential for European public health services. We will not change this through changes to IPR rules.</p>
<b>3. Geographical indications</b>	
<i>'Europe's current GI system protects our farmers and food producers by preventing imports of products that infringe our intellectual property. TTIP could weaken this system.'</i>	<p>We'll never agree to cut the protection we currently offer our GIs in Europe. Imports that use protected names would never be able to enter the EU market.</p>

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