

Broad Objectives and Prospects for TTIP

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**Encouraging a Manufacturing Renaissance through
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What to expect from the TTIP

- Objective: Bolster economic growth and employment.
- US-EU trade in goods and services totals \$1 trillion annually; about \$4 trillion in US-EU direct investment.
- TTIP seeks to eliminate tariffs and substantially reduce non-tariff barriers to trade and investment.
- Plus ambitious goals re coordinating and/or harmonizing regulatory policies affecting trade in goods and services.
- Services liberalization in addition to manufacturing also essential to bolster competitiveness/participation in global value chains.
- TTIP provisions on services, state-owned enterprises, environment, labor, and competition policy could set precedents for global standards and future WTO negotiations.

US-EU bilateral trade in goods and services

Year	US exports to the EU				US imports from the EU			
	Goods	Ser- vices	Total exports		Goods	Ser- vices	Total imports	
			US\$ billions	% of US global exports			US\$ billions	% of US global imports
2010	243	175	418	23	322	139	461	20
2011	273	190	463	22	373	150	523	20
2012	269	200	470	21	387	154	541	20

Source: US Bureau of Economic Analysis, International Transactions database.

US-EU FDI stock by top industries

Industry	Stock of US FDI in EU-27		Stock of EU-27 FDI in US	
	US\$ billion	% of global US FDI by sector	US\$ billion	% of FDI in US by sector
Manufacturing	275	12%	605	37%
Chemicals	67		188	
Computers/electronics	39		20	
Other manufacturing	78		200	
Wholesale	69	34	125	43
Information	88	60	103	83
Depository institutions	65	54	120	60
Finance & insurance	343	44	237	65
Professional, scientific, technical services	51	54	75	70
Holding companies (nonbank)	1,184	61	n.a.	n.a.
All industries total	2,240	50	1,648	62

Source: US Bureau of Economic Analysis

Comparison of gains from TTIP based on four studies

	ECORYS	EC (CEPR)	BIS (CEPR)	ECIPE
Benchmark year	2018	2027	2027	2015
Change in US GDP	0.3%	0.4%	0.4%	1.3%
Change in EU GDP	0.7%	0.5%	0.7%	0.5%
Change in total US exports	6.1%	8.0%	7.5%	n.a.
Change in total EU exports	2.1%	5.9%	n.a.	n.a.

n.a. = not applicable

EC = European Commission; CEPR = Center for Economic Policy and Research; BIS = UK Department for Business, Innovation and Skills; ECIPE = European Center for International Policy Economy.

Sources: ECORYS (2009); CEPR (2013a); CEPR (2013b); and ECIPE (2010).

TTIP negotiators face key challenges

- TTIP's novel contribution to trade rules will be regulatory convergence.
- Strong political opposition from independent regulatory bodies.
- US/EU differences on dealing with financial regulatory policies in TTIP.
- Cutting farms tariffs without also reducing subsidies.
- Access to state/local government procurement tenders and European public utilities.
- Public concerns about investor-state dispute settlement (ISDS) and data/privacy issues.