

CBI submission to the Office of the United States Trade Representative (USTR) request for written comments on the 'Transatlantic Trade and Investment Partnership'

1. The CBI strongly supports the launch of negotiations for a 'Transatlantic Trade and Investment Partnership' (TTIP) between the EU and US. The United States is an extremely important trading partner for the United Kingdom. The latest trade statistics show that the US is our largest individual export partner by some margin, responsible for around 14% of our total exports of goods and services.
2. Furthermore, the UK and US are by far the largest foreign investors in each other's economies. In 2011, the stock of US inward FDI to the UK stood at over £200 billion, almost double the stock of just 10 years earlier.
3. The trade and investment relationship between the UK and US is already functioning relatively well, but it is by no means complete. Businesses engaged in transatlantic trade and investment continue to face a variety of barriers and costs that could be avoided, many of which concern regulatory divergences. An historic EU-US trade deal would open up new opportunities for our growing businesses, delivering growth and prosperity without additional public expenditure.
4. To tackle those trade and investment barriers that are of most importance to our members, the CBI supports a comprehensive agreement that includes **ambitious commitments on tariffs, trade in services, IPR protection, regulatory convergence, public procurement and investment.**
5. An independent study has projected that EU exports to the US would increase by 28 per cent, or €187 billion, each year as a result of an ambitious trade and investment agreement. To achieve these results, it is important that negotiators come to the table with an ambitious mind-set, ensuring that solutions to difficult topics are found during the talks, rather than excluding sensitive issues prior to the first negotiating round. We would like to stress the importance of a swift and successful conclusion to the TTIP negotiations.

Tariffs

6. Both sides already have relatively low tariffs in force. A 2010 study by the European Centre for International Political Economy (ECIPE) found that the average weighted applied tariff on goods traded was 4.8% in the US and 6.7% in the EU. However, given the sheer size of both economies and the high amount of intra-firm trade between the EU and US, both sides have much to gain if all remaining tariffs are eliminated. Millions of pounds and dollars are shelled out to customs authorities each year, which hurts consumers and diverts cash away from much needed investment.



Services

7. Services are highly important in the context of transatlantic trade, with the EU-US market responsible for 43% of global trade in services. The CBI would strongly welcome horizontal commitments from both sides to improve market access and national treatment in all services modes and to remove all remaining equity caps. We support a negative list approach, where any exceptions to the rule are explicitly spelt out. Moves to safeguard and secure transatlantic data flows and boost e-commerce are particularly important in the context of the TTIP. In this regard, both sides should converge on approaches to data retention and IPR protection.
8. Regulatory co-operation, further discussed below, is critical in the context of increased trade in services. It is important that the negotiations come up with solutions to reduce market access barriers and divergent regulatory requirements that currently exist in sectors like financial services, accountancy, banking, insurance, legal services, telecoms, transport and logistics.

Regulatory co-operation and non-tariff barriers

9. The TTIP negotiation must take the work that has been done by TEC much further, and should bind in results. Making sure that regulatory agencies are on-board and fully engaged in the negotiations right from the beginning is absolutely essential to reduce the burden of regulation that is frequently seen as the biggest single barrier to transatlantic trade. Counterpart regulatory agencies and standards bodies must work in conjunction with the relevant industry associations to ensure that costly and unnecessary duplicate testing procedures are avoided wherever possible. They must formally recognise compatible and functionally equivalent approaches to approving products and services in their respective markets.
10. We should strive for as many mutual recognition agreements as possible. The most important benchmark of success for the TTIP will be the extent to which meaningful wins can be delivered that make a practical difference to businesses on the ground. The TTIP also needs to ensure that regulatory commitments that are taken are fully implemented and held to account.

Public procurement

11. The CBI considers that public procurement should comprise an important part of this negotiation. The TTIP should look to open up procurement contracts to the highest degree possible, going beyond GPA commitments in terms of coverage (including purchases at the sub-federal and local level) and below existing thresholds. It should include binding transparency rules for award process and national treatment, clear decision-making criteria, and clear deadlines in the selection and decision-making process.

Investment

12. Transatlantic investment flows are essential in achieving deep economic integration which explains the high degree of intra-firm trade between the UK and US. The CBI welcomes the

shared EU-US principles on international investment that have emerged from the TEC process and were announced last year. The TTIP should promote the free transfer of capital, a level playing field for foreign and domestic companies, and protection for investors and their investments.

About the CBI:

The Confederation of British Industry (CBI) is the premier voice of UK business. We speak for more than 240,000 companies of every size, including many in the FTSE 100 and FTSE 350, mid-caps, SMEs, micro businesses, private and family owned businesses, start-ups, and trade associations. We represent every sector, including agriculture, automotive, aerospace and defence, construction, creative and communications, financial services, IT and e-business, management consultancy, manufacturing, professional services, retail, transport, tourism and utilities. Our mission is to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all.