

Latvia's comments on the EU-US High Level Working Group on Jobs and Growth

Please find below in brief comments of the Ministry of Economics of the Republic of Latvia on the basis of received contribution from the industry on the EU-US High Level Working Group on Jobs and Growth (HLWG).

We welcome the establishment of the EU-US HLWG and its work on identifying measures to increase bilateral trade and investment towards mutually beneficial and sustainable jobs, economic growth and global competitiveness.

In the survey of the Ministry of Economics the majority of respondents representing small and medium enterprises recognized the US as one of the most important export markets outside the EU¹. While the US market is still attractive despite the recent economic downturn there exist certain restrictions to bilateral trade.

According to our stakeholders diverging standards and technical regulations, including cumbersome conformity assessment (technical testing and certification) and SPS measures, is the most important and complex category of trade irritants with the US. In addition to that excessive customs procedures as well as import duties for certain product groups (e.g. dairy and confectionery) have been indicated as still essential trade barriers.

Reduction of various NTBs is the most substantial task to considerably increase sectoral trade flows and therefore the EU-US cooperation should be particularly intensified on removal of sector specific trade distorting non-tariff measures. In this regard further work towards reduction of specific NTBs² in current bilateral EU-US negotiation formats (TEC and its working groups) or even in the margins of enhanced regulatory cooperation could be fruitful. However, to be successful indeed this should be performed with unambiguous political support from the leadership of both parties.

In parallel to that an option of improved the EU-US legal framework should be thoroughly explored. In economic terms the best possible solution for generating all-embracing benefits to both parties is conclusion of a comprehensive and ambitious FTA, while negotiating several sectoral agreements would be far insufficient for great expansion of transatlantic economic relations.

Therefore, we would favour eventual recommendation by the HLWG to the leadership of both sides to substantially upgrade the EU-US trade relations by swift conclusion of a bold and well balanced FTA comprising all areas of the new generation EU FTAs.

While acknowledging necessity to find rational compromises on certain important issues (related to agricultural goods, services, public procurement etc.) it should be also provided that such an arrangement strengthens and not impairs the Multilateral Trading System, which is a very important from institutional point of view.

Latvia reserves itself the right to provide further comments on the matter.

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¹ In 2011 the US was Latvia's fifth largest export market outside the EU

² Reduction of NTBs in pharmaceutical (ie. mutual recognition of active pharmaceutical ingredients documentation) and food trade are among priorities recently mentioned by Latvia's stakeholders