

# Negotiate a successful Transatlantic Trade and Investment Partnership (TTIP)

## Policy Factsheet

### BACKGROUND

The U.S.-EU economic relationship is already the world's largest, representing 45% of global GDP and supporting \$4 trillion in investment. However, a successful Transatlantic Trade and Investment Partnership (TTIP) will drive economic growth in both the U.S. and EU by eliminating tariffs, liberalizing services trade, and increasing regulatory compatibility. In particular, since regulatory barriers frequently impede trade between the U.S. and EU, harmonizing regulations has potential to significantly increase trade and create jobs on both sides of the Atlantic.

Negotiations began in July 2013.

### WHY IT MATTERS TO WA

Accounting for 11 percent (\$8.4 billion) of Washington's goods exports in 2012, the European Union is one of Washington state's largest trade partners.<sup>1</sup> In addition, EU member countries such as Ireland, the UK, Germany and France are key destinations for Washington services exports<sup>2</sup>; for example, visitors from Europe account for a third of Washington's foreign visitors.<sup>3</sup> Finally, Washington also benefits from European foreign direct investment (FDI), with French, German, Dutch and British firms employing 39,800 Washington residents.<sup>2</sup>

A recent study by the British Embassy, Bertelsmann Foundation and Atlantic Council found a successful TTIP could create over 17,000 jobs in Washington state and increase Washington exports to the EU by nearly 26 percent.<sup>4</sup>

### POLICY FAQs

- 1. What would the TTIP include?** While negotiations are still in the early stages, a TTIP will likely include the elimination of tariffs as well as increased regulatory compatibility and IP protections across most sectors.
- 2. Why the EU?** U.S.-EU trade is important to the world economy. Transatlantic trade accounts for 30 percent of world trade, and the economies of the EU and U.S. make up nearly half of the world's GDP. The EU has a population of over 500 million people, which would provide significant market opportunities for a variety of Washington's retailers, manufacturers and service providers.
- 3. How would the TTIP impact the aerospace industry?** Currently, Washington state aerospace exporters pay an average duty of 4.3% when they export their merchandise to the EU. A potential TTIP could significantly reduce or even eliminate tariffs on aerospace products exported from the U.S. to the EU.
- 4. How would a TTIP impact the agriculture industry?** EU technical, sanitary and phytosanitary regulations on agricultural and food imports impede trade between the U.S. and EU. A potential TTIP could result in the reduction of these non-tariff barriers to trade for the mutual benefit of both parties.
- 5. How would a TTIP impact services trade?** A potential TTIP with the EU could liberalize services trade by including binding commitments to provide transparency, impartiality and due process with regard to licensing and qualification requirements and procedures.<sup>5</sup>
- 6. How would a TTIP impact the life sciences industry?** Products such as pharmaceuticals are subject to costly tests both in the EU and the U.S. If the TTIP could harmonize regulation, then a single approval could free these products for access to both markets.

1 WISER Trade Database, 2013 | 2 *An International Competitiveness Strategy for Washington State*, Washington Council on International Trade and Trade Development Alliance of Greater Seattle | 3 Seattle Convention and Visitors Bureau Annual Report | 4 *TTIP and the Fifty States: Jobs and Growth from Coast to Coast*, British Embassy Washington, Bertelsmann Foundation, Atlantic Council | 5 Office of the United States Trade Representative, "Interim Report to Leaders from the Co-Chairs of the EU-U.S. High Level Working Group on Jobs and Growth"

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### EU Five Largest Economies Profile<sup>1</sup>



#### FRANCE

- WA top commodity export industries: Transportation Equipment (\$552.5 million), Computers and Electronic Products (\$136.4 million), Primary Metal MFG (\$38.9 million), Electrical Equipment, Appliances & Components (\$37.2 million), Machinery, Except Electrical (\$29.2 million)
- WA ports top commodity import products: Transportation Equipment (\$979.7 million), Chemicals (\$92.3 million), Computers and Electronic Products (\$49.1 million), Primary Metal MFG (\$36 million), Electrical Equipment, Appliances & Components (\$32.3 million)



#### GERMANY

- WA top commodity export industries: Transportation Equipment (\$822.8 million), Computer and Electronic Products (\$198.4 million), Fish, Fresh/Chilled/Frozen & Other marine Products (\$69.5 million), Machinery, Except Electrical (\$67.3 million), Primary Metal MFG (\$52.2 million)
- WA ports top commodity import products: Chemicals (\$236.2 million), Machinery, Except Electrical (\$150 million), Transportation Equipment (\$127.3 million), Computer and Electronic Products (\$92.2 million), Electrical Equipment, Appliances & Components (\$60.8 million)



#### ITALY

- WA top commodity export industries: Computer and Electronic Products (\$40.5 million), Electrical Equipment, Appliances & Components (\$40.5 million), Chemicals (\$23.6 million), Transportation Equipment (\$20 million), Minerals & Ores (\$14.4 million)
- WA ports top commodity import products: Transportation Equipment (\$206 million), Machinery, Except Electrical (\$94.5 million), Leather & Allied Products (\$46.2 million), Beverages & Tobacco products (\$26.8 million), Food Manufactures (\$24.7 million)



#### SPAIN

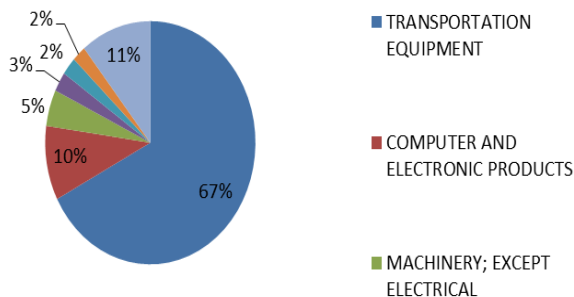
- WA top commodity export industries: Fish, Fresh/Chilled/Frozen & Other Marine Products (\$27.1 million), Transportation Equipment (\$22.8 million), Agricultural Products (\$16.1 million), Machinery, Except Electrical (\$6.1 million)
- WA ports top commodity import products: Transportation Equipment (\$53.7 million), Chemicals (\$22.2 million), Food Manufactures (\$11.1 million), Beverages & Tobacco Products (\$6.8 million), Machinery, Except Electrical (\$4.9 million)



#### UNITED KINGDOM

- WA top commodity export industries: Transportation Equipment (\$1.3 billion), Computer and Electronic Products (\$158 million), Machinery, Except Electrical (\$100 million), Food Manufactures (\$85 million), Primary Metals MFG (\$59.5 million)
- WA ports top commodity import products: Transportation Equipment (\$583.4 million), Chemicals (\$256.3 million), Computers and Electronic Products (\$103.5 million), Machinery, Except Electrical (\$75.4 million), Electrical Equipment, Appliances & Components (\$50.5 million)

#### Washington State Commodity Exports to the EU



#### Snapshot of Services Exports to the EU:

- U.S. services exports to the European Union are \$130.5 billion, which is about 71 percent of the value of U.S. goods exports to the EU<sup>2</sup>
- Five EU member countries are among the top ten destination for Washington state services<sup>3</sup>
- Ireland is 3<sup>rd</sup> largest destination for Washington state services exports<sup>3</sup>
- Tourists from EU member countries represented 31.2% of overseas tourists to the Puget Sound region<sup>3</sup>
- French, German, Dutch and British firms employ 39,800 individuals in Washington state, which accounts for 42% of the state's employment from foreign-owned firms<sup>3</sup>

<sup>1</sup> WISER Trade Database, 2013 | <sup>2</sup> Washington State Department of Commerce, International Trade Bulletin, Fall 2012 | <sup>3</sup> *An International Competitiveness Strategy for Washington State*, Washington Council on International Trade and Trade Development Alliance of Greater Seattle