



JUNE 12, 2014

## TTIP NEGOTIATIONS: A SUMMARY OF ROUNDS 4 AND 5

BY KARA SUTTON

### Maintaining Momentum

The framework for a potential agreement is coming to the fore following the fourth and fifth rounds of Transatlantic Trade and Investment Partnership (TTIP) talks. Negotiators have begun crafting language for a final document now that the path towards an accord is becoming clearer. But hurdles remain and to overcome them US and EU leaders will have to exert more political will.

The fourth round of negotiations took place in Brussels from March 10 to 14; the fifth round was held in Arlington, Virginia from May 19 to 23.

### Takeaways

- The US and EU exchanged **tariff-elimination** offers prior the fourth round. Both sides expressed disappointment in the lack of ambition of each other's initial offers. The EU found the US proposal to reduce tariffs by 86 percent too low, while the US argued that the EU's 96-percent reduction proposal came with too many conditions. Both sides are preparing second offers.
- The US prepared for the fifth round an offer to reduce market access in **services**, but the EU asked to postpone an exchange as its offer is not finalized.

The US expressed interest in exchanging tariff, services and procurement offers by the end of the sixth negotiating round.

- Further progress is being made on **regulatory cooperation** in several sectors including medical devices, automobiles and chemicals. Negotiators are developing sector-specific approaches for addressing regulatory issues.
- The US and EU continue to make the negotiation process more **transparent**. After the fourth and fifth round, both sides hosted stakeholder meetings that included briefings on the progress of the talks. The meetings also allowed more than 300 representatives of labor, NGOs and civil society to air their views of an agreement.

The EU released in May additional position papers that outlined its negotiating positions in the areas of chemicals, cosmetics, motor vehicles, pharmaceutical products, and textiles and clothing.

## Potential Sticking Points

- Negotiations on the **investment protection** chapter are on hold as the EU undergoes a period of public consultation on the investor-state dispute settlement (ISDS) mechanism. In April, the EU Commission opened an online [forum](#) for public consultation on the ISDS mechanism in a TTIP. In May, the Commission held in Brussels a stakeholder meeting on the ISDS in which more than 200 representatives of NGOs, business, civil society and other communities participated. The consultation period is due to end in July.

US negotiators see including ISDS as an opportunity to re-work the dispute mechanism to include tougher safeguards that prevent frivolous lawsuits and ensure states maintain their right to regulate.

- EU negotiators are pushing for better protections in TTIP of **geographic indications** but have met with resistance from the US side. Prior to the fifth round, 177 members of the US House of Representatives signed a [letter](#) to US Trade Representative Michael Froman and Agriculture Secretary Tom Vilsack in which they asked US negotiators to ensure TTIP does not include exceptions for EU products under the pretext of geographical indications.
- The US remains firm on excluding **financial regulatory cooperation** from TTIP. Washington believes current forums, such as the Group of 20 and the Financial Stability Board, are already working sufficiently well to foster cooperation on financial regulatory issues. Any TTIP agreement will, however, include a chapter on financial-services market access.

## On the Margins

- The Ukraine crisis has enhanced the strategic justification for concluding a TTIP agreement. EU leaders recognize TTIP's potential for helping diversify Europe's energy sources and reducing dependence on imports from Russia.
- Transitions in the European Parliament and Commission, which will occur over the next several months, could create challenges for negotiators. The parliamentary elections held from May 22 to 25 resulted in victories for more anti-EU and anti-globalization representatives than were in the previous legislature. This will have implications on TTIP and the trans-Atlantic relationship.

## Next Steps

- The EU public consultation period on ISDS launched in March ends in July.
- The European Council convenes June 26-27 to select a new European Commission president. The European Parliament votes on that selection on July 15.
- The sixth round of TTIP negotiations will be held in Brussels in July.