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## TTIP NEGOTIATIONS: A SUMMARY OF ROUND 3

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### Laying the Foundation

The third round of negotiations, held December 16-20, 2013 in Washington, DC, began work on what US lead negotiator Dan Mullaney called “the architecture of an agreement”. Talks continued with the scoping exercises from the first two rounds. They ended with more specific work on issues such as regulatory coherence and increased market access by reducing tariff and non-tariff barriers in the areas of goods, services, investment and procurement.

### Takeaways

- The **24 working groups**, which were established during the first round of negotiations and represent the issues expected to be included in any agreement, met during Round 3. Negotiators acknowledged that not all working groups will contribute to a final agreement.
- **Regulatory issues** remain the most important TTIP component. About 40 of the 70 EU negotiators who came to Washington, DC represented regulatory agencies outside DG Trade.

Negotiators made progress on potential regulatory cooperation in a number of sectors including automobiles, cosmetics, chemicals, information and communication technology (ICT), pharmaceuticals, and medical devices.

- Discussions on **procurement** led negotiators to conclude that achieving significant results, including on the US state-level, is possible. Dan Mullaney said that the US Trade Representative (USTR) will coordinate with the individual states on their procurement issues.
- Deliberations on **tariff elimination** began in the third round, following the US International Trade Commission’s (USITC) submission of its report on this subject to the administration. These deliberations will continue into the fourth round.

- Both sides have demonstrated a commitment to **transparency** throughout the TTIP negotiating process. Nevertheless, various non-governmental organizations are calling for greater transparency. They want open negotiations and the release of draft versions of text. Most stakeholders, however, seem pleased with their ability to provide input to the process.

Negotiators and around [265 stakeholders](#) participated in [53 policy presentations](#) led by some of the stakeholders on December 18. That afternoon, lead negotiators briefed stakeholders on progress in the third round and responded to questions and feedback.

### Potential Sticking Points

- **Financial-services** issues beyond market access were discussed. EU lead negotiator Ignacio Garcia Bercero said the US and EU have different views in this area and have yet to decide if financial-regulatory issues should be included in a final agreement. The US continues to oppose the inclusion of financial-services regulation .
- Negotiators flagged certain **sanitary and phytosanitary (SPS)** areas for potential cooperation. Ignacio Bercero said that SPS will be a big part of an agreement, but the US and EU are likely to diverge in certain areas, notably in the treatment of genetically modified organisms (GMOs) in agriculture.
- An **investor-state dispute settlement (ISDS)** was a contentious topic for some participants in the stakeholder sessions. On the first day of negotiations, 200 civil-society groups sent a [letter](#) to USTR Ambassador Michael Froman and EU Commission Karel De Gucht to express their opposition to including ISDS in an agreement.

Negotiators acknowledged those concerns yet signaled that ISDS will be incorporated since it is included in free-trade agreements (FTAs) that the US and EU have with other countries. Garcia Bercero said that nine EU states already have ISDS agreements with the US via bilateral investment treaties.

### On the Margins

- Members of the World Trade Organization (WTO) reached a multilateral trade agreement during the ninth ministerial meeting December 3-7, 2013. The agreement included text on trade facilitation, agricultural subsidies and assistance for least developed countries (LDCs).
- Fifteen US state governors sent a [letter](#) to President Obama on December 23, 2013, to express support for the Trans-Pacific Partnership (TPP), TTIP and the Trade in Services (TISA) agreements.

- Senate Finance Committee Chairman Max Baucus (D-Montana), Senate Finance Committee Ranking Member Orrin Hatch (R-Utah) and House Ways and Means Committee Chairman Dave Camp (D-Michigan) introduced Trade Promotion Authority (TPA) legislation on January 9, 2014.

House Ways and Means Committee Ranking Member Sander Levin (D-Michigan) has voiced his opposition to the bill and is composing his own TPA legislation.

- Senator Baucus was nominated in December by President Obama to become US ambassador to China. Pending Baucus' successful confirmation by the Senate, Senator Ron Wyden (D-Oregon) is poised to assume the influential position of chairman of the Senate Finance Committee, which has oversight over trade issues.

Senator Wyden has indicated he has his own priorities for the trade agenda, including linking TPA with Trade Adjustment Assistance (TAA) legislation.

## Next Steps

- DG Trade will host its second [Civil Society Dialogue](#) on **January 14, 2014** in Brussels to unpack the progress of the third round of negotiations and discuss next steps with stakeholders.
- In early 2014, US Trade Representative Froman and EU Commissioner de Gucht will hold a stocktaking exercise to review the progress of negotiations.
- The US ITC will submit a report on EU trade barriers affecting US SMEs to the USTR on **February 28, 2014**.
- Negotiators will meet again in early 2014, ahead of a fourth round of talks in Brussels that is likely to occur in spring.