



EUROPEAN UNION
DELEGATION TO THE UNITED STATES OF AMERICA

Trade and Agriculture

Washington, 17 May 2012
Trade/HH/BH/jc

Subject: EU Trade Counsellors Meeting

Summary

On May 16, Delegation hosted the EU Trade Counsellors for a special update on the High-Level Working Group in anticipation of upcoming meetings in Washington with DG Trade Director Ignacio Garcia-Bercero and team. The first part of the meeting focused on EU-US Trade Relations and High Level Working Group issues with guest speaker Dan Mullaney, Assistant USTR for Europe. Mullaney talked about the issues with regards to the comprehensive vs. piecemeal approach, mutual recognition vs. regulatory harmonisation as well as the impact that political issues have on the progress working group. He emphasised that the EU and US should set an example for third countries and said that, in order to avoid failure, the EU and US should also keep an open mind about other options besides the comprehensive one. He noted that the working group is studying different options, and the current period should be seen as a good possibility to step back and learn. Overall he emphasized the high US demands on threshold issues - they want to be sure on the landing point before they are ready to start with negotiations. The session was followed with an update by Hiddo Houben on High Level Working Group developments.

Details

Presentation by Dan Mullaney

Mullaney firstly stated that EU and US are two most integrated economies in the world and yet this relationship could be described as 'restless'. Restlessness appears in that EU and US continuously want to do things better (i) bilaterally – 'even given the huge level of integration we continue to be more ambitious in bilateral trade relations', (ii) vis-à-vis third countries – 'we should be trying to do more in order to have influence on how third countries do their things; this "model good behaviour" is a new important element in EU-US trade relations'.

About the Transatlantic Economic Council – Mullaney explained the role of Transatlantic Economic Council and said that it is trying to address the current regulatory differences but also trying to act beforehand and to prevent the EU and US from implementing different regulations on the new areas that are unregulated at the moment.

Mullaney discussed the High Level Working Group. He said he cannot foresee when any announcement will take place as the working group has not set any particular international summit as an aim (but of course if there is anything to announce it will be done).

Comprehensive vs. piecemeal agreement – Mullaney acknowledged that the Commission has been supportive of a comprehensive agreement that would bring maximum value. He did not go into all the pros and cons of two approaches; nevertheless, he did say that in any case the

agreement should be: 1) ambitious, 2) realistic, and 3) quick. He said that the worst thing that could happen is if EU and US were to start something big and then to leave it unfinished, which would send a negative message to third countries. Mullaney said that if it does not work out with the comprehensive agreement the EU and US should be opened to other options as well.

ES asked if full mutual recognition of equivalence could be feasible if the harmonisation of regulations appears too difficult to achieve. This was the logical next step in trade liberalisation between developed economies.. Mullaney agreed but added that we should avoid the mistakes of the past. He said that particularly nice work has been done with the recent agreement on Organics. The Wine Agreement is another (almost) mutual recognition type of agreement, even if it took many years to negotiate.

DK asked why US is so afraid of failure whereas for the EU not trying at all is seen as a bigger failure. Mullaney explained the political situation and said that with a comprehensive approach it is more difficult to explain the situation to some US stakeholders and to get political approval. For example, a comprehensive agreement would not be feasible for the US without significantly greater market access in some areas, such as agriculture. He stressed that the benefits of trade and investment should be communicated to the public and said that USTR is already doing better outreach in that regard.

FI asked about the impact of timing and political cycle on the working group. Mullaney answered that the working group is not influenced by the political cycle, only the implementation of recommendations would need the decision of Congress. He noted that the benefits of a stronger US-EU trade relationship is one of the few areas that Republicans and Democrats agree on.

PL asked if there is any particular recommendation or outcome of the working group that could be made public already. Mullaney answered that it is too early to say anything since the outcome is dependent on the different options - implementation of option A might lead to completely different outcome than implementation of option B.

Hiddo asked what more could be done to get US industry more fully mobilised, bearing in mind their key role in driving policy initiatives in the beltway. The High Level Working Group didn't yet generate a "wow" feeling in the same way as the TPP negotiations. And yet the EU economy was comparatively much larger. Mullaney answered that the 'wow' factor and mobilization comes after the announcement of recommendations and said once again that this a time to step back and study different options. "We have up until the end of the year" Mullaney said that the actual negotiations should be short - about two years, and that they could begin within the next year.

Update on Trade Policy by the EU Delegation

Hiddo Houben introduced new Trade Section colleague (END) Isabel Pastor-Arenillas. He updated the Counsellors about the trade policy developments, administrative issues, and the high level working group process. He made a short overview of the new Agora system to facilitate sharing of information between MS embassies and the EU Delegation.

Author: Marie Soone (Intern)

Visa: Hiddo Houben