



Current and future transatlantic relationships

Adeline Hinderer,

Trade Counselor,

European Union Delegation to the US

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Sizing the European Union

27 member states

*over 500 million
combined population*

23 official
languages

20%
of global GDP (in
PPS terms)

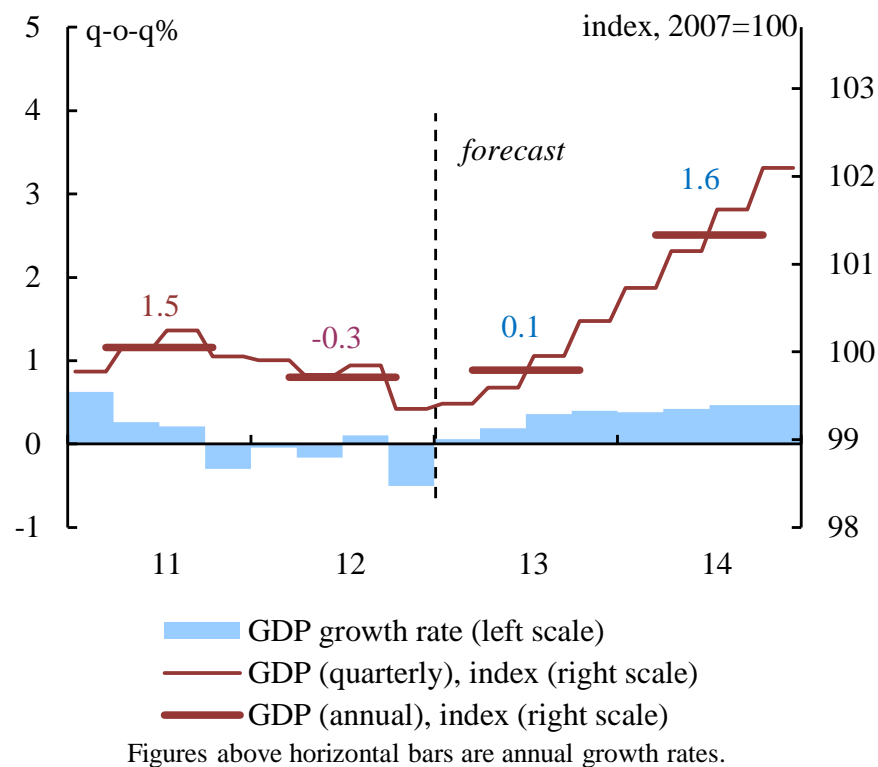
4.2 million km²
total surface area

20% of global
exports and imports



European Economy Update: Mild recession in the euro area in 2012

Gradual recovery later this year, EU

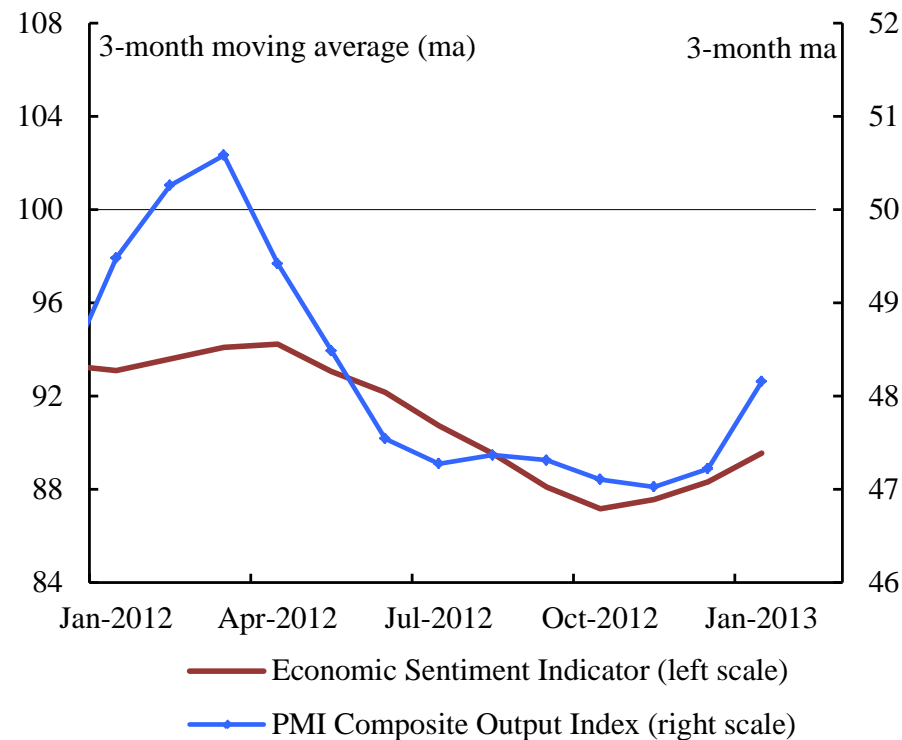


- The euro area economy experienced a mild recession in 2012, is projected to still be in a mild recession in 2013.
- GDP is expected to be flat (0.1%) in the EU in 2013 and to contract (-0.3%) in the EA.
- Gradual recovery expected starting in 2nd half of 2013.
- Several years of negative growth in countries hardest hit by the crisis. Others have already rebounded.

Source: European Commission, Winter forecast, Feb. 2013

European Economy Update: Early 2013: Stabilisation

Confidence indicator

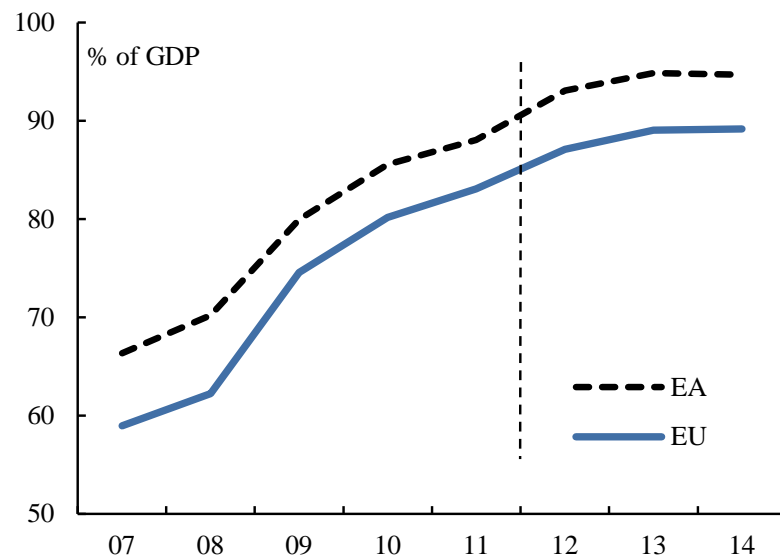


Source: European Commission

- Compared to the situation a year ago, the environment has improved.
- This is translating into improving consumer confidence in both the EU and the euro area.
- The economic sentiment indicator has been increasing for three months in a row.
- Business conditions (purchasing managers' index) have also stabilized and are pointing upwards, albeit from low levels.

European Economy Update: Public finances are set to improve

General government debt, Euro area



- Governments are gradually bringing their spending in line with revenues (working to balance budgets).

- Government debt is on a path to stabilize and eventually decline in the euro area.

- Improvement in public finances will help restore investor and public confidence; however, it must be done in a way that does not choke off growth.

Source: European Commission, Winter forecast, Feb. 2013

European Economy Update: Europe's responses to the crisis

PROGRAMS

Financial assistance for countries in difficulty (but with conditions attached)

FIREWALL

A permanent mechanism (ESM) to stem the risk of contagion to other countries



GROWTH

Boost growth through “structural reforms” and completing the single market

BANKS

Strengthen the banking system, including stronger supervision, and role of ECB

GOVERNANCE and RULES

Stronger, more effective fiscal rules and greater coordination of economic policies (6 pack, 2 pack)



European Economy Update: The economic situation in Cyprus

Eurogroup Agreement with the Cypriot authorities:

- **Agreement on the key elements necessary for a future macroeconomic adjustment program**
- **Supported by all Euro zone Member States + 3 EU institutions**
- **Goal of the agreement:**
 - (1) Address the challenges faced by Cyprus
 - (2) Restore viability of the financial sector
 - (3) Restore sustainable growth and sound public finances over the coming years.
- **Measures adopted:**
 - Basis for restoring viability of the financial sector.
 - Safeguard all deposits below EUR 100.000.
 - Imply appropriate downsizing of the financial sector (with the domestic banking sector reaching the EU average by 2018)
 - In addition: the Cypriot authorities reaffirmed commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatization.

EU Trade: EU - the world's biggest trading power

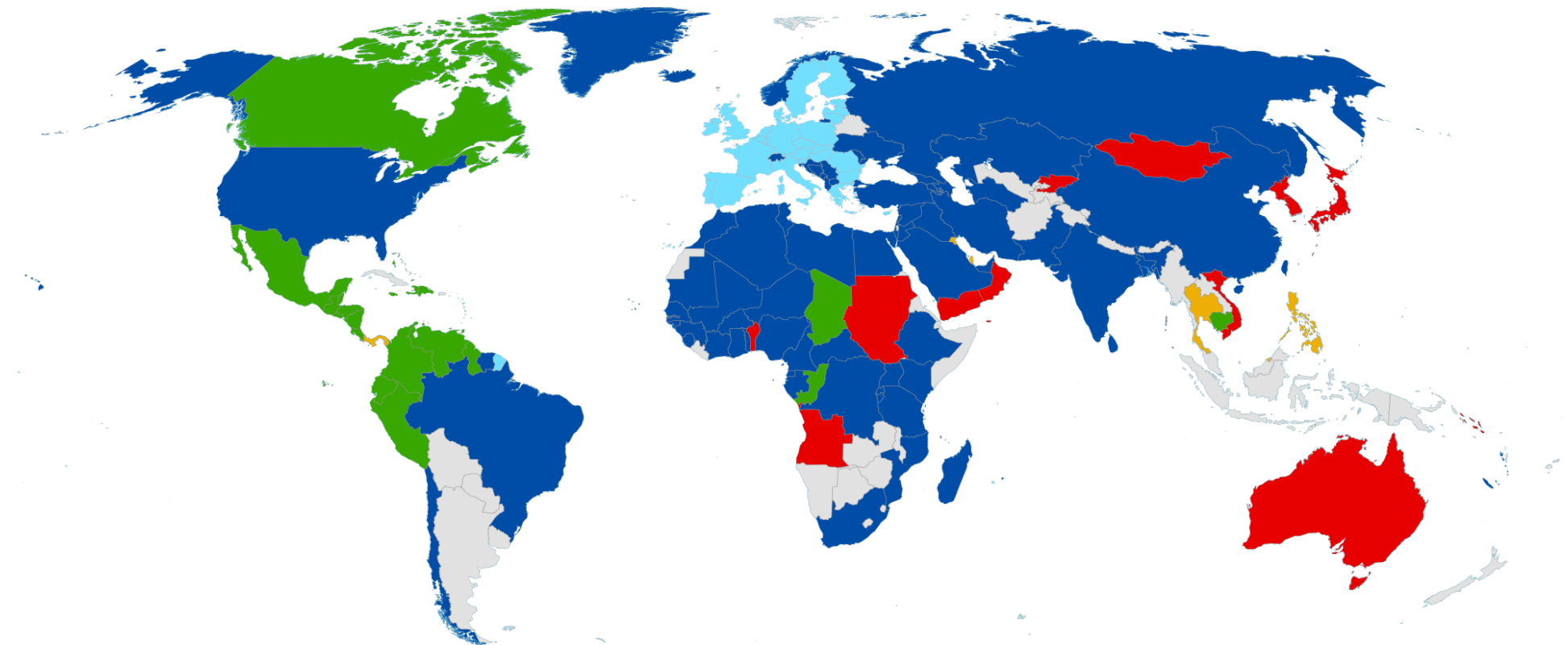
Countries who have the EU, the US, China or Japan as their most important trade partner

■ EU as first trade partner

■ US as first trade partner

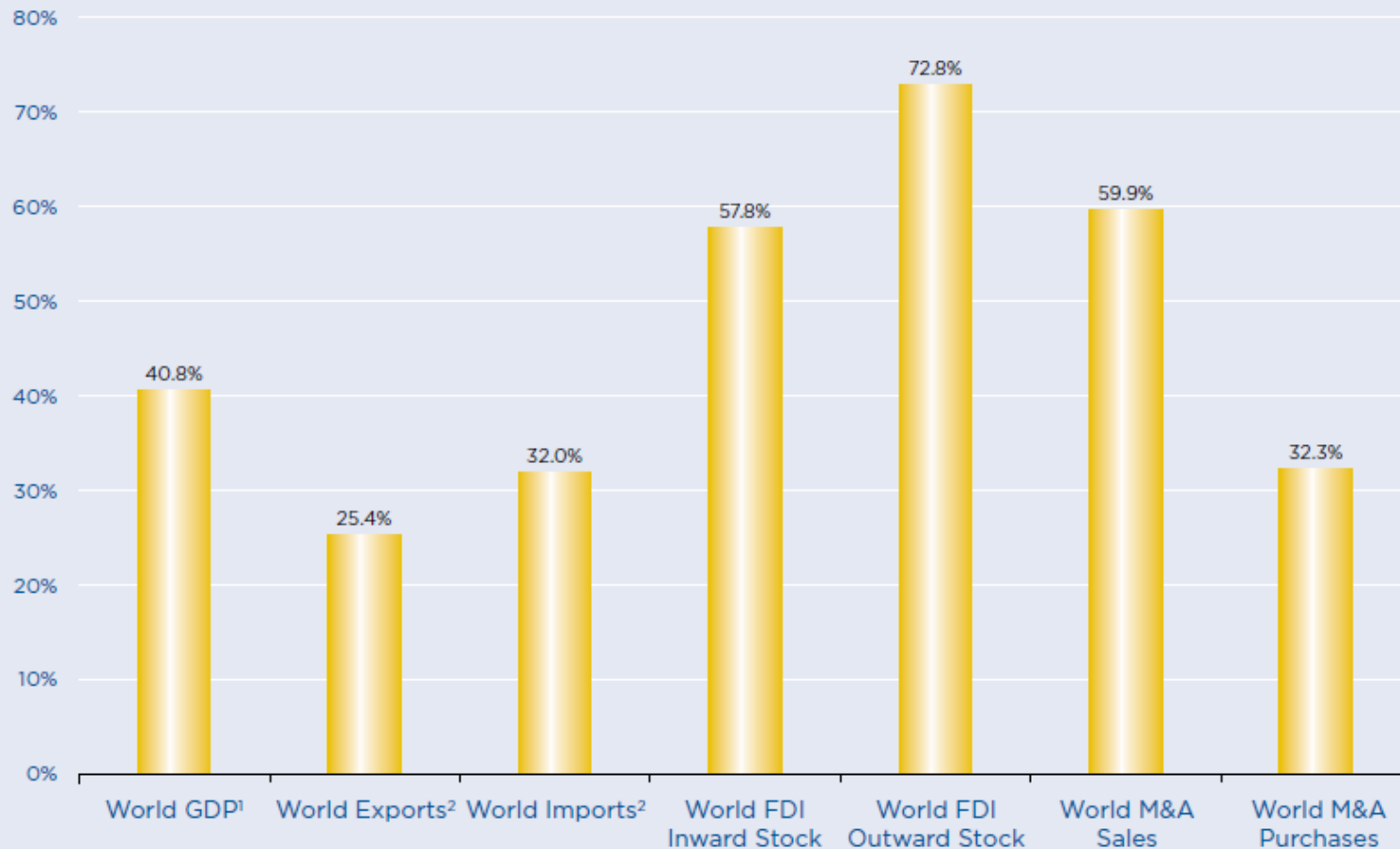
■ China as first trade partner

■ Japan as first trade partner



EU-US Trade: Transatlantic economy vs the world

TABLE 1: THE TRANSATLANTIC ECONOMY VS. THE WORLD - SHARE OF WORLD TOTAL

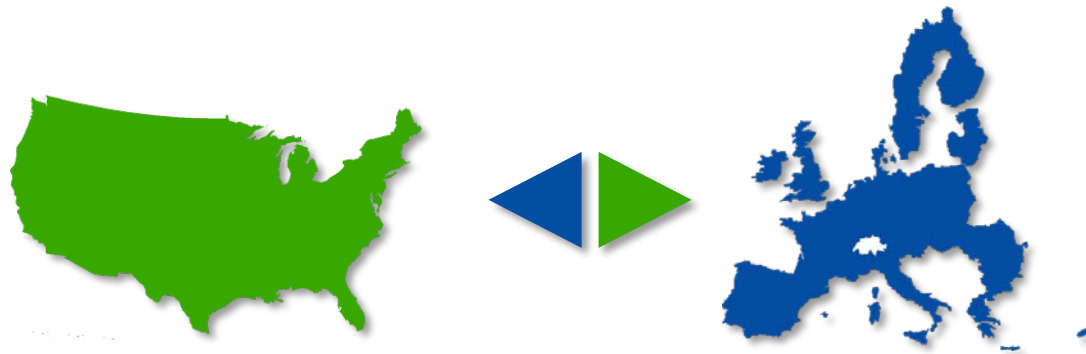




EU-US Trade: An overview

- **Daily bilateral** trade in goods, services and investment is worth EUR 1.7 billion.
- **EU/US combined:**
 - invest 3 times more than the rest of the world
 - receive more than half of the world's investment
 - employs up to 15 million workers in mutually “onshored” jobs on both sides of the Atlantic.
- **Sales of US affiliates in Europe:** double than sales in the entire Asia/Pacific.
- **Affiliate sales in UK alone** (USD 622 billion): exceeded sales in all of Latin America.
- Europe accounted for 57% of **total US services sales.**

EU-US Trade: An overview



- Most integrated and largest economic relationship in the world
- Massive levels of mutual investment stocks: € 2 800 bn, 15 million jobs
- Potential to boost EU GDP by 1%
- Huge potential on regulatory aspects



EU-US Trade: TTIP

- **Transatlantic Trade and Investment Partnership (TTIP):**
 - Reference in State of the Union address (February 12, 2013).
 - Initiation of internal procedures necessary to launch negotiations on TTIP announced on February 13, 2013

(Joint Statement by President Obama, European Council President Herman Van Rompuy and European Commission President Barroso).



EU/US Trade TTIP – Impact Assessment

- **Significant gains on both sides in the medium term:**
 - Around 0.4% increase of GDP for the US; 0.5% for the EU
 - 37% rise in US exports to the EU;
28% rise in EU exports to the US.
 - Average extra EUR 545 in disposable income each year for a family of four in the EU and EUR 655 in the US.
 - 80% potential gains coming from reduction of non-tariff barriers.

Source: Centre for Economic Policy Research, London 'Reducing Transatlantic Barriers to Trade and Investment: An Economic Assessment', 2013

http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf

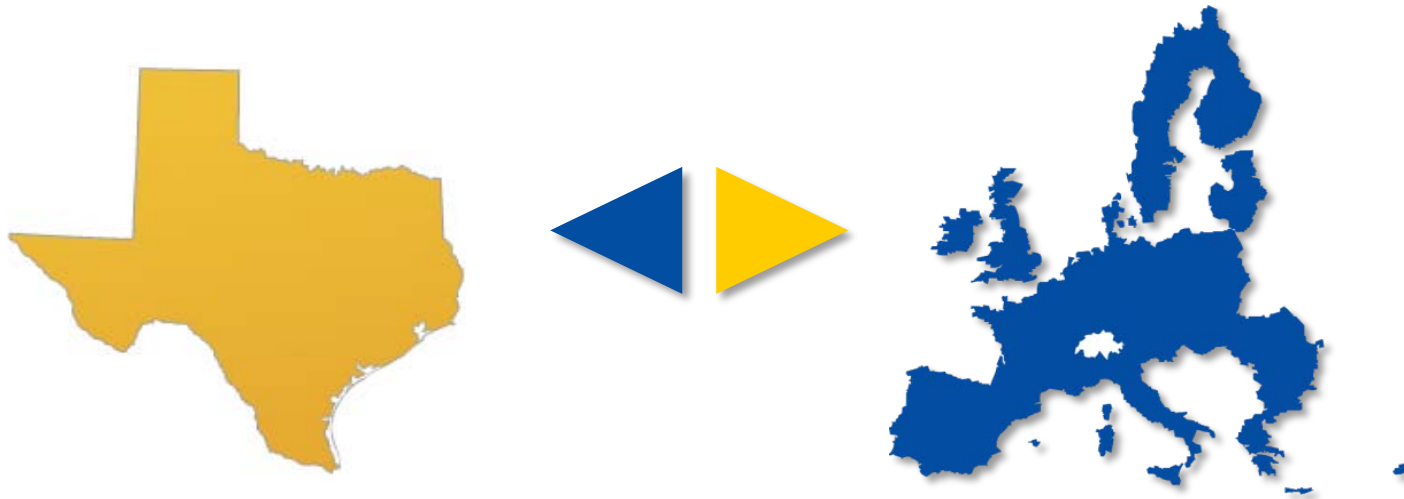
EU/US Trade TTIP – Impact Assessment

- **Sectoral benefits:**
 - Boost in sales to the rest of the world of metal products (+12%), processed foods (+9%), chemicals (+9%), other manufactured goods (+6%), and other transport equipment (+6%).
 - Biggest increase in trade: Motor vehicles sector.
- **Positive impact on worldwide trade and income**, increasing GDP in the rest of the world by almost EUR 100 billion.

Source: Centre for Economic Policy Research, London ‘Reducing Transatlantic Barriers to Trade and Investment: An Economic Assessment’, 2013

EU/US Trade

TTIP – What does this mean for Texas?



Significant trade with many EU countries:

- 5 of Texas' top 20 exporting countries are EU members States
- 5 of the top 25 countries from which Texas imports are EU Countries

Texas good exports to the EU:

- 11.0% EU Share of Exports
- EU supported jobs: 211600

EU/US Trade

TTIP – What does this mean for Texas?

**TABLE 4: RANKING OF TOP 20 U.S. STATES
TOTAL GOODS EXPORTS TO EUROPE, BY VALUE
(BILLIONS OF \$)**

U.S. State	2000	2010	% Change from 2009	% Change from 2000
California	27.9	27.7	10%	-1%
Texas	12.3	26.6	10%	116%
New York	15.3	22.7	15%	48%
Florida	3.9	11.5	31%	196%
New Jersey	6.4	10.7	22%	68%
Massachusetts	8.0	10.7	-4%	34%
Illinois	7.3	10.1	6%	38%
Washington	13.1	9.6	-3%	-26%
Pennsylvania	4.7	8.9	18%	90%
Ohio	5.0	8.3	14%	65%

Texas ranks 2nd out of the top 20 States exporting to the EU.

EU/US Trade

TTIP – What does this mean for Texas?

- **Potential gains in business in Texas range from:**
 - \$9.1 billion to \$17.0 billion in output (gross product) each year.
 - 89,612 to 166,425 permanent jobs.
- **Possible annual impact, depending on scenario:**

	<i>Elimination of all tariffs</i>	<i>Elimination of all tariffs & reduction of non-tariff barriers by 25%</i>
<i>Output</i>	\$9.1 billion	\$14.7 billion
<i>Jobs</i>	89,612	143,425

Source: Study commissioned by the UK's Houston Consulate, and conducted by the Perryman Group <http://perrymangroup.com/reports/USEUFreeTrade.pdf>



European
Commission

Merci!
Thank you!