

Annual EU Report on US Trade Barriers highlights behind-the-border and WTO issues; progress on Byrd Amendment, telecoms procurement

The European Commission today released its twenty-first annual report on barriers to trade and investment in the US, detailing the obstacles that EU exporters and investors face in the US market. The report highlights non-tariff barriers in investment and public procurement and addresses some long running WTO problems such as issues concerning the US Jobs Act (FSC) and the repeal of the Byrd Amendment. The report comes out on the day the EU and US are lifting telecoms procurement sanctions against each other, bringing to an end a more than a decade-long dispute. The Transatlantic Economic Initiative is also offering new possibilities to advance trade, and tackle the regulatory and non-tariff barriers identified in this report.

The report shows that non-tariff barriers are now the major obstacle to increased EU-US trade. Barriers to free and fair government procurement are particularly prevalent once again in this report. A wide variety of discriminatory Buy America provisions are highlighted as well as those impacting on federally funded infrastructure programmes.

Investment issues also remain important, given the huge flows of investment across the Atlantic. But US restrictions remain, notably in the shipping, energy and telecoms areas. These problems are often compounded by the plethora of different state level laws and regulations which make overcoming US barriers a very complex operation.

Progress has been made in a number of areas recently. Government procurement sanctions are being withdrawn simultaneously by both sides today, healing a dispute that has dogged both sides of the Atlantic for over a decade (see [IP/06/251](#)). Last month's repeal of the Byrd amendment by the US Congress has already been welcomed by the Commission, with EU sanctions now being reduced in tandem with remaining Byrd payments.

Ongoing WTO problems

Nevertheless, US failure to comply with a number of World Trade Organisation (WTO) dispute settlement findings still continues to be a major EU concern. For instance, the repeal of the US FSC/ETI export-contingent tax scheme includes transitional and grandfathering provisions which have been repeatedly ruled WTO-incompatible. The EU will continue to raise compliance concerns with the US authorities. In addition, unfair anti-dumping measures taken by the United States against the EU continue to be a major trade irritant. In over 50 anti-dumping cases and reviews since 1995, US duties have been inflated using the zeroing methodology which has already been found WTO-incompatible and is currently subject to further litigation.

The Transatlantic Economic Initiative

The Transatlantic Economic Initiative, born from the 2005 EU-US summit, is working on promoting regulatory and standards cooperation; stimulating open and competitive capital markets; anti-money laundering and terrorist financing cooperation; spurring innovation and the development of technology; enhancing trade, travel and security; promoting energy efficiency; intellectual property rights; investment; competition policy; procurement and services. The Transatlantic Economic Initiative brings together EU and US regulators to look at how to deal with existing regulatory barriers and trying to avoid new ones. Both sides are also trying to strike the right balance between trade and security.

The EU and the US are the two biggest economies in the world – accounting for a combined total of 57% of world GDP. They have much to gain from greater trade and investment and reducing barriers to trade. The EU and the US have by far the largest bilateral trade relationship in the world, being responsible together for about two fifths of global trade. Trade flows across the Atlantic are running at around €1.7 billion a day. In 2003, total two-way investment amounted to over €1.5 trillion. 12-14 million jobs in the EU and US depend on transatlantic trade and investment.

The Report can be downloaded from the Internet at the following address:
<http://trade-info.cec.eu.int/doclib/html/127632.htm>