

U.S.-EU Transatlantic Trade and Investment Partnership

An Inside Look at the Prospective Economic Benefits of Trade Negotiations

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Outline

1. U.S. & EU Trade Trends
2. The Focus Areas of TTIP Negotiations
3. TTIP Benefits

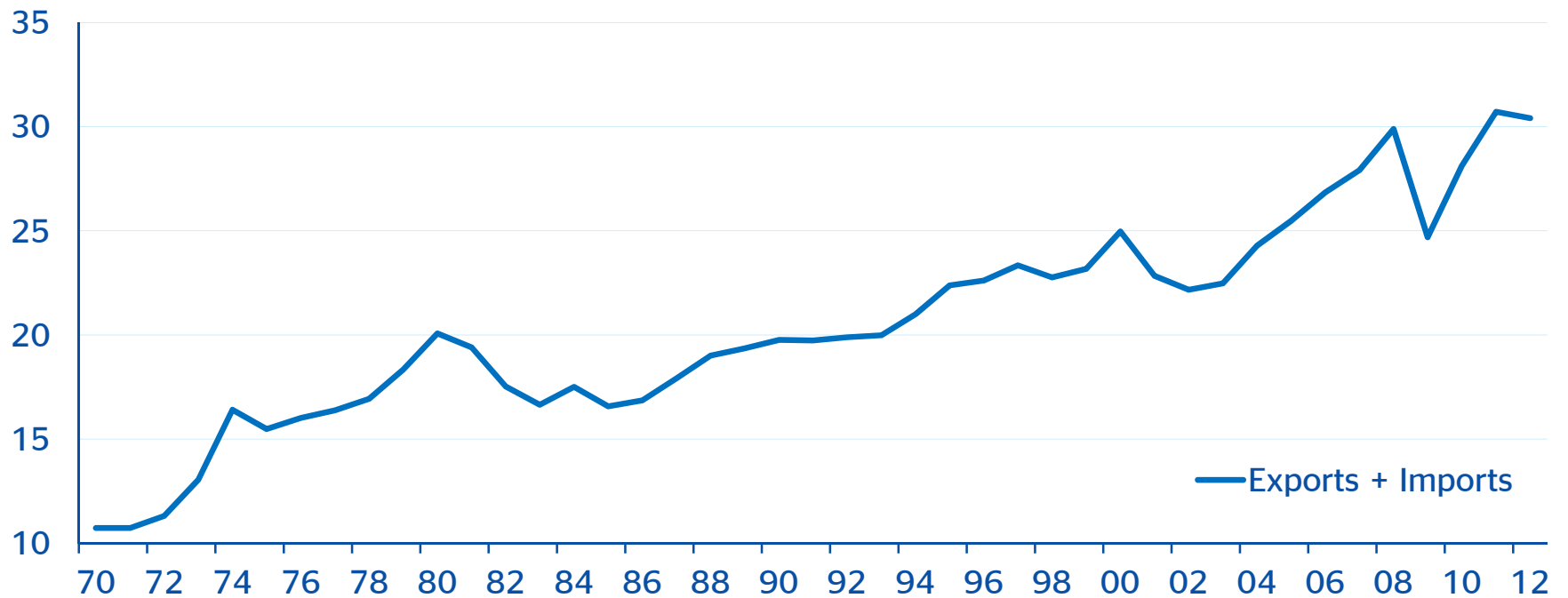
U.S. Trade Agreements

U.S. Free Trade Agreements (FTA)	Entered into Force
Israel FTA	September 1, 1985
North American Free Trade Agreement (NAFTA)	January 1, 1994
Chile FTA	January 1, 2004
Singapore FTA	January 1, 2004
Australian FTA	January 1, 2005
Bahrain FTA	January 11, 2006
Morocco FTA	January 1, 2006
CAFTA-DR (Dominican Republic-Central America FTA)	March 1, 2006 to January 1, 2009
Oman FTA	January 1, 2009
Peru TPA	February 1, 2009
Jordan FTA	January 1, 2010
Panama TPA	October 21, 2011
Colombia FTA	May 15, 2012
KORUS FTA	March 15, 2012
Trans-Pacific Partnership	Negotiating
Transatlantic Trade and Investment Partnership	Negotiating



U.S. Trade

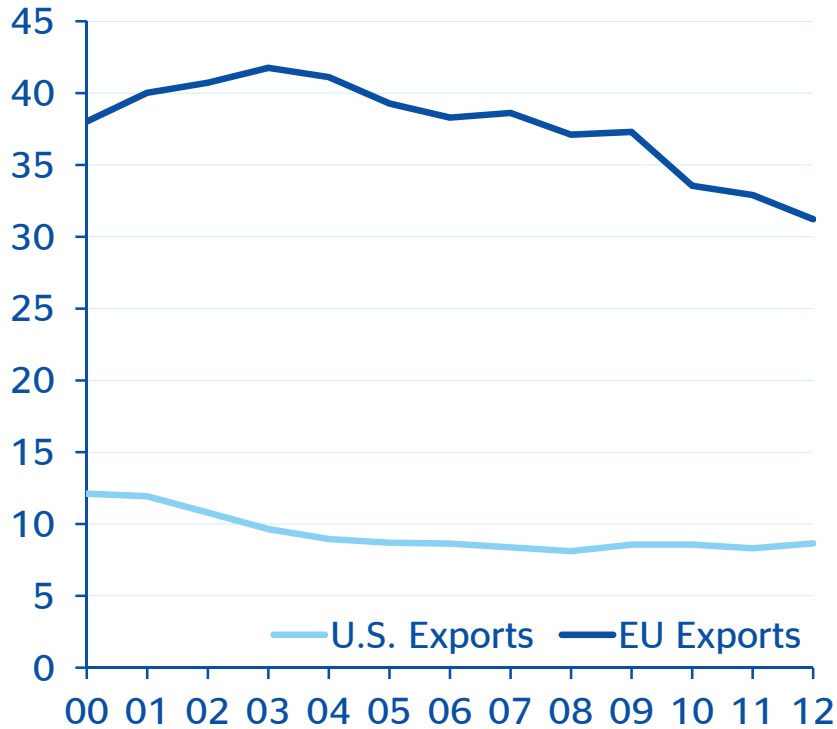
U.S. Trade as Share of GDP (%)



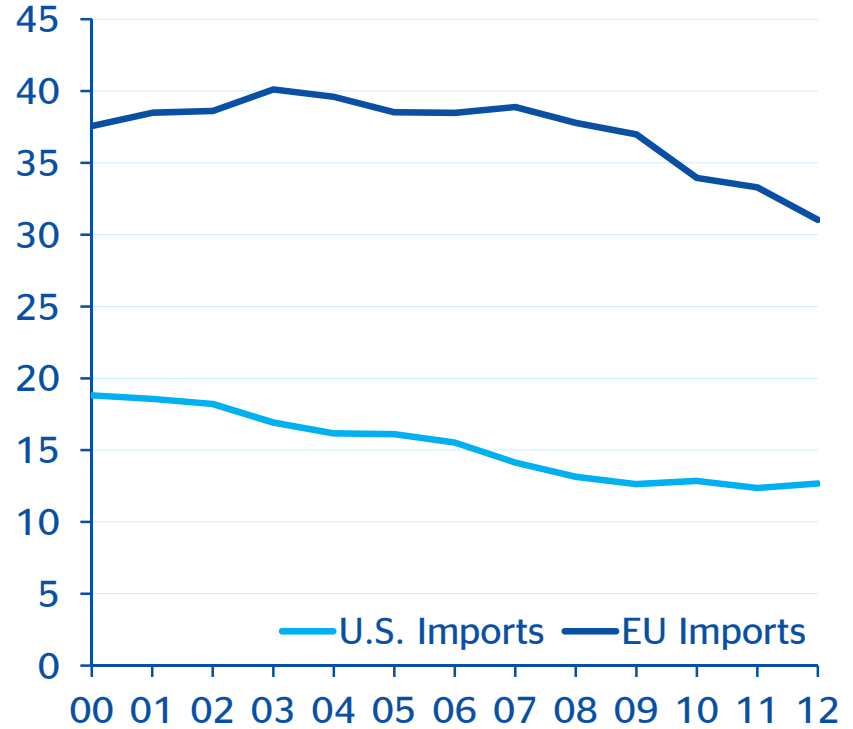


Share of World Trade

Exports
%



Imports
%

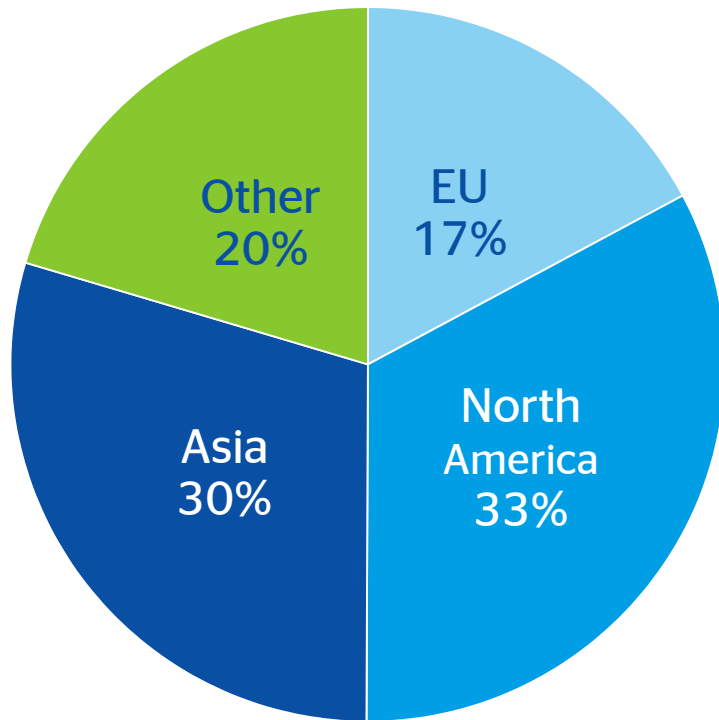


Source: IMF & BBVA Research

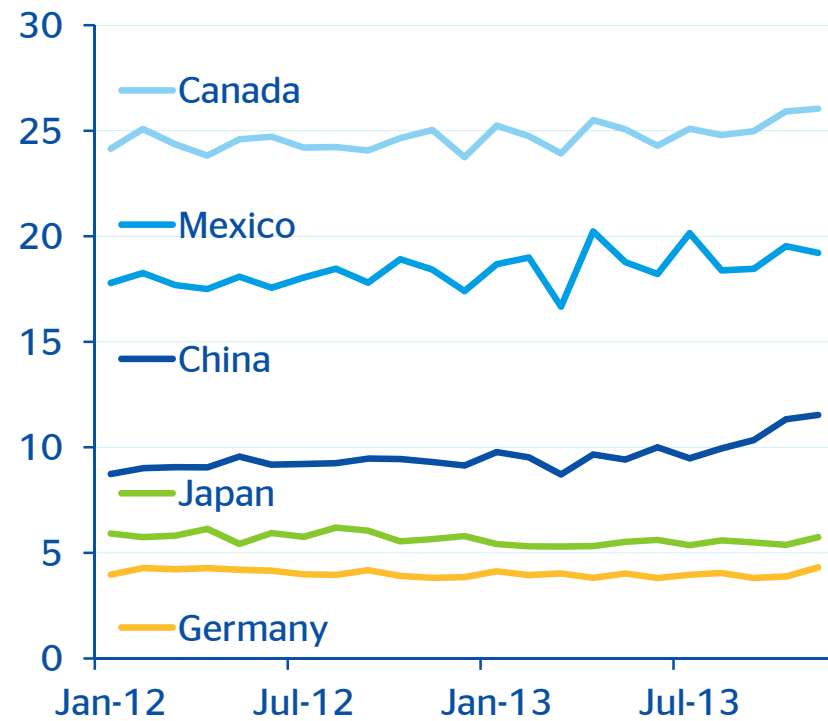


U.S. Exports

U.S. Exports by Region 2012
%



U.S. Exports Top 5 Markets
U.S.\$ bn. f.a.s.

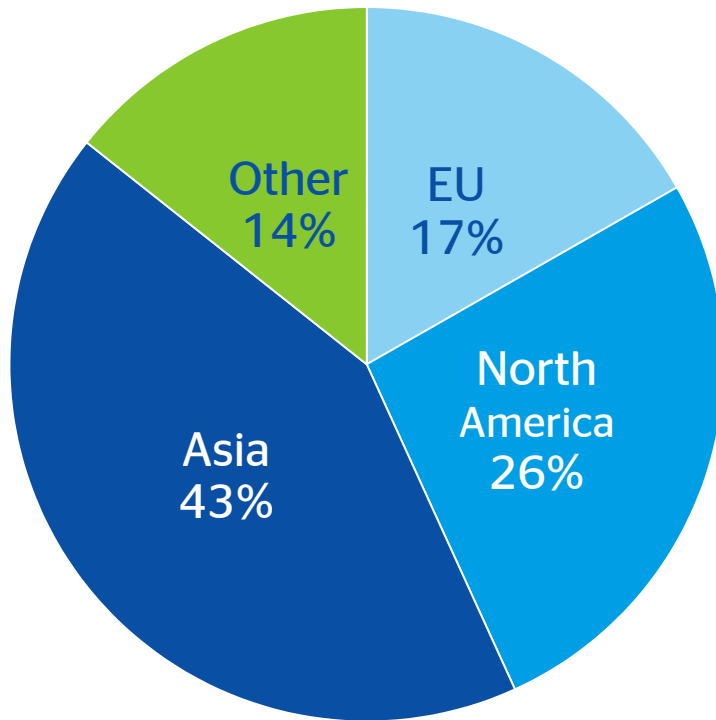


Source: BEA & BBVA Research

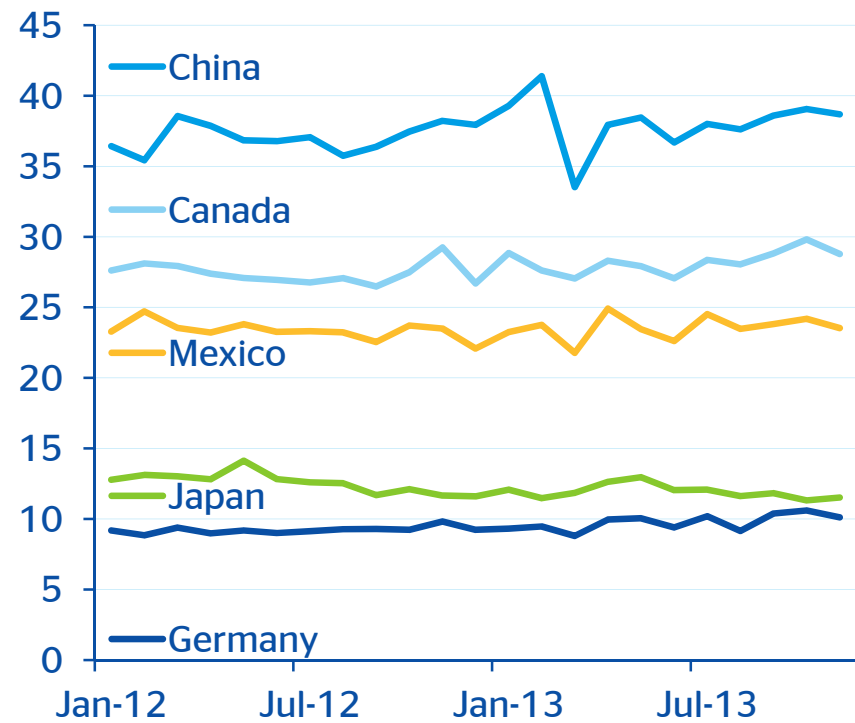


U.S. Imports

U.S. Imports by Region
% 2012



U.S. Imports Top 5 Markets
U.S.\$ bn. c.i.f



Source: BEA & BBVA Research

The Focus of Negotiations

1st Round

July 8 -12, 2013
Washington, DC

- Market Access
- Regulatory Areas
- Trade Rules

2nd Round

November 11 - 15, 2013
Brussels, Belgium

- Specific areas of convergence
- Non-tariff barriers

3rd Round

December 16 - 20, 2013
Washington, DC

- Standardization

4th Round

1Q14
Brussels, Belgium

- Sustainable development
- Trade of energy and raw materials



U.S. Trade with EU

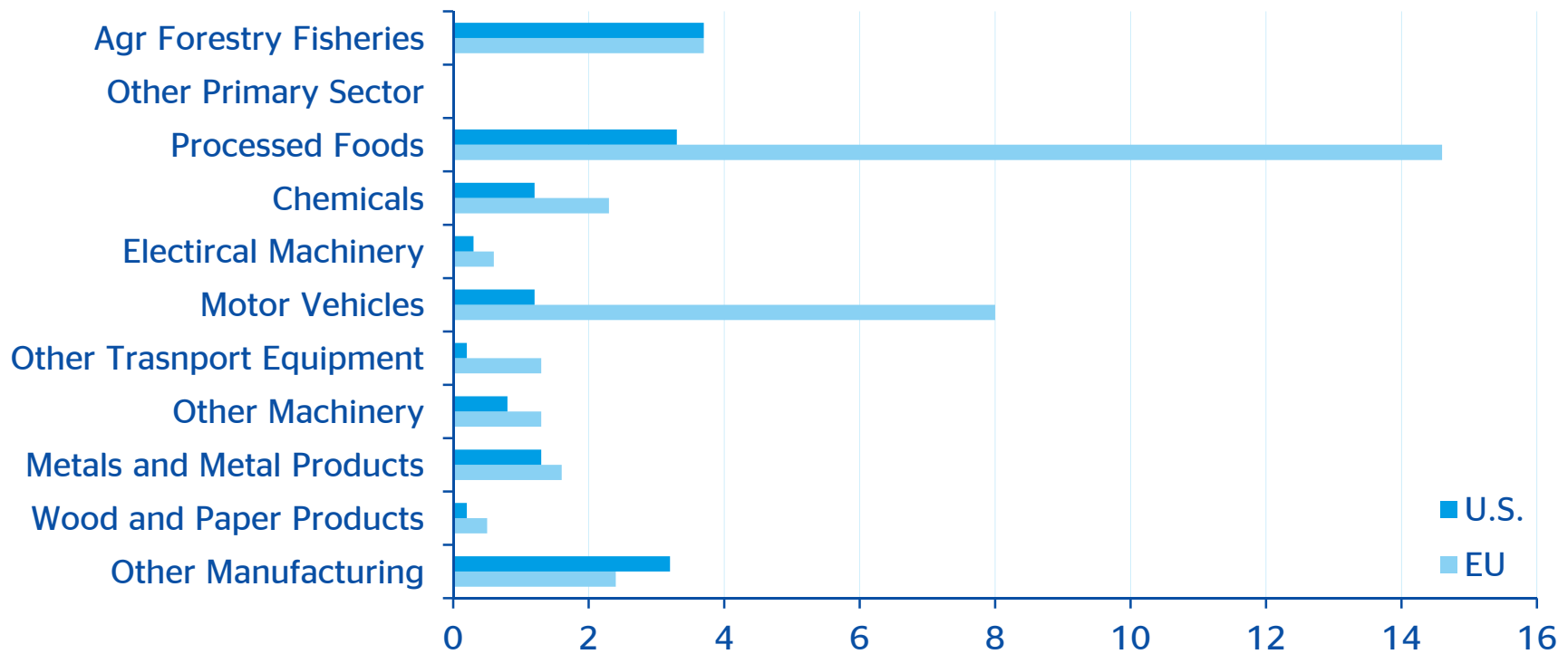
Top 5 Industries, 2012 Share of Total Products

Industries	Exports	Imports
Machinery and transport equipment	38%	41.4%
Chemicals and related prod	21.3%	22.8%
Miscellaneous manufactured articles	12.4%	11.5%
Mineral fuels, lubricants and related materials	9.6%	6.7%
Manufactured goods classified chiefly by material	6.4%	10%



Tariffs

Trade Weighted Average Tariff Rates (2007)



Source: WTO, CEPII, UNCTAD, Ecorys (2009) & BBVA Research



Non-Tariff Barriers

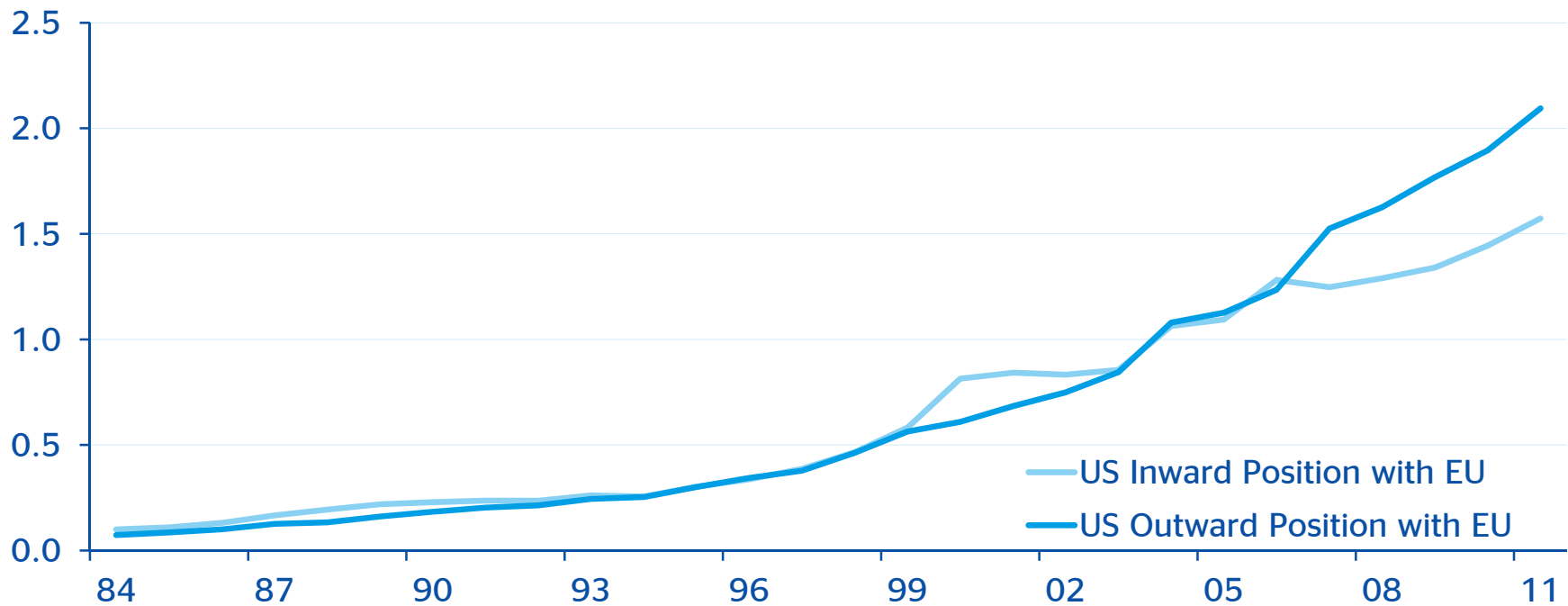
Perceived NTB Index by Business (0-100)

U.S. Exports to the EU		EU Exports to the U.S.	
Goods Sector	NTB Index	Goods Sector	NTB Index
Aerospace and Space	55.1	Aerospace and Space Industry	56.0
Chemicals	53.2	Machinery	50.9
Cosmetics	52.2	Medical, Measuring and	49.3
Biotechnology	50.2	Cosmetics	48.3
Textiles, Clothing and	48.9	Biotechnology	46.1
Wood and Paper, Paper	47.1	Chemicals	45.8
Pharmaceuticals	44.7	Food and Beverages	45.5
Machinery	36.5	Communication Equipment	37.9
Food and Beverages	33.6	Textiles, Clothing and Footwear	35.6
Communication	32.3	Iron, Steel and Metal Products	35.5



Cross Economic Zones FDI

Foreign Direct Investment (Stock, US\$ tn.)





Non-Tariff Barriers

Perceived NTB Index by Business (0-100)

U.S. Exports to the EU		EU Exports to the U.S.	
Services Sector	NTB Index	Services Sector	NTB Index
Insurance	39.3	Construction	45.0
Construction	37.3	Communication	44.6
Recreational Services	35.4	Other Business Services	42.2
Communication	27.0	Transport	39.9
Transport	26.3	Recreational Services	35.8
Financial Services	21.3	Travel	35.6
Other Business Services	20.0	Financial Services	29.7
International Capital Trading	19.3	Insurance	29.5
Travel	17.8	International Capital Trading	20.0

Potential Economic Benefits of TTIP

The best case scenarios assume 100% elimination of tariffs and 25% to 50% reduction in NTBs within a 10 year timeline

Macroeconomic Indicators	Gains
U.S. GDP	0.4%
U.S. Export	8%
U.S. Exports to EU	37%
Labor Productivity	1.14%
Real Wage	2.15%
Unemployment	- 0.05%

Potential Economic Benefits of TTIP

- ❑ Top 5 states to gain from number of jobs added are:
 1. California
 2. Texas
 3. New York
 4. Florida
 5. Pennsylvania
- ❑ Top sector to benefit from export growth is the motor vehicles (mainly in the Southern states)
- ❑ Chemicals exports, and metals and metal products are the other gaining industries



Potential Economic Benefits of TTIP

TTIP could result in as much as a 24% increase of Texas exports to EU

Texas Top Sectors to Benefit by Export Increase
Chemicals
Motor Vehicles Manufacturing
Other Manufacturing
Electrical Machinery

Texas Top Sectors to Benefit by Job Growth
Business Services
Manufacturing
Financial Services
Mining



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