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EUROPEAN COMMISSION PUBLISHES 1996 REPORT ON US TRADE AND INVESTMENT BARRIERS

The European Commission has today released its twelfth annual report on barriers to trade and investment in the United States. The report explains how the EU-US relationship will become far closer than before under the New Transatlantic Agenda, which will work towards the reduction or elimination of remaining barriers to economic activity between the two regions. Many previous problem areas in bilateral economic activity have been resolved as a result of multilateral disciplines imposed by the Uruguay Round. Nonetheless, the EU remains concerned about lingering barriers in such areas of public procurement, tax, and continues to oppose extraterritorial or unilateral developments in American trade legislation.

The Uruguay Round has already begun to reshape the transatlantic economic relationship, bringing tariffs down between the EU and the US while building a framework of multilateral rules, disciplines and dispute settlement procedures which have given both sides an alternative focus through which to settle their differences. Agricultural tensions have eased, although some issues remain unresolved, notably concerning sanitary and phytosanitary problems as well as the use of geographical designations for wine. In intellectual property, too, the Uruguay Round has reduced bilateral tensions. Recent changes to US patent law are welcome, although problems remain, including the question of informing rights-holders of government use of patents.

The other major change to EU-US economic relations came last December with the signature of the New Transatlantic Agenda, with the key aim of creating a "transatlantic marketplace" by progressively reducing or eliminating barriers to goods, services and capital. This is spawning a series of specific initiatives that would, for example, allow EU bodies to certify products for conformity with US standards and vice-versa, make rule-makers more aware of their impact on investment, simplify customs procedures and promote cooperation on science and technology.

Recent legislation over Cuba, Iran and Libya has increased the EU's concern about extraterritorial provisions in US laws that hamper international trade and investment. The EU continues to believe, too, that unilateralism in some US trade laws undermines World Trade Organization (WTO) rules. This is truer now than ever following the extension of WTO disciplines further into new fields such as services and intellectual property.

The EU is anxious to see a reduction in the use of national security as a disguised form of protectionism, notably in relation to import, procurement and investment restrictions, as well as the extraterritorial application of investment curbs.

In public procurement, the EU and US have substantially increased access to each other's public tenders recently through a bilateral pact that goes even further than the new opportunities of the Uruguay Round. Nonetheless, the EU remains concerned at the wide variety of "Buy America" provisions in the US. Furthermore, new ones are being added for federally funded infrastructure programs.

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On maritime services, the EU is disappointed at the failure to agree a multilateral deal by the WTO deadline, and is worried that the requirement for US-flagged ships to carry cargoes generated by US federal funding, far from being eliminated, has been extended to Alaskan oil exports. On shipbuilding, the EU fears that if the US does not ratify the Organization for Economic Cooperation and Development Shipbuilding Agreement a key chance to curb subsidies worldwide will be missed. On air transport, there been no progress on access to computer reservation systems nor on removing foreign ownership curbs.

On financial services, the EU is hopeful that ongoing reforms in the US will sweep away inter-state restrictions that currently impede access by foreign banks. However, the segmentation of the US market between one sector and another is hindering strategic decision-making in Europe itself: link-ups between banks and insurance companies in Europe, for example, face difficulties if both parties have subsidiaries in the US.

Copies of the report are available on request to

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