



Government Response to the House of Commons
Business, Innovation and Skills Committee's
Eleventh Report of Session 2014-15:

Transatlantic Trade and Investment Partnership

Presented to Parliament
by the Secretary of State for Business, Innovation and Skills
by Command of Her Majesty

July 2015



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/government/publications

Any enquiries regarding this publication should be sent to us at: ttip.team@bis.gsi.gov.uk

Print ISBN 9781474124058

Web ISBN 9781474124065

ID 20071502 07/15 50860 19585

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

<u>INTRODUCTION</u>	2
<u>PART 1 – THE CASE FOR A TRADE DEAL WITH THE US</u>	3
Why TTIP is important to the UK.....	3
Addressing concerns about TTIP	3
The negotiations	4
<u>PART 2 – GOVERNMENT RESPONSE TO THE REPORT’S RECOMMENDATIONS AND CONCLUSIONS</u>	5
Background.....	5
Economic benefits.....	5
Investor State Dispute Settlement	7
NHS and public services.....	8
European Commission consultation on ISDS.....	10
The debate on TTIP.....	12
 Annex.....	 14

INTRODUCTION

1. The Government would like to express its appreciation to Adrian Bailey MP, former Chair of the Business, Innovation and Skills Committee, and to all the Committee's members, for their assessment of the opportunities and challenges presented by the EU-US Free Trade Agreement negotiations, also known as the 'Transatlantic Trade and Investment Partnership' (TTIP)¹. We welcome the Report's recognition of the ambition of TTIP to boost employment and prosperity.
2. We also agree that it is important for everyone involved in the debate on TTIP – for the media, campaigners and lobbyists as well as the UK Government and the European Commission – to ensure that an evidence-based approach is at the heart of the TTIP debate.
3. The Government will continue to reach out to citizens and civil society to explain the gains of an agreement while also addressing concerns and debating openly the impact such a deal will have. The Committee's report is a helpful contribution to the public debate.
4. In this response to the Committee's Report the Government will:
 - set out the case for the agreement and the importance of the deal to the UK;
 - and,
 - respond to the 12 specific recommendations and conclusions made in the Report.
5. The Government is also responding in parallel to a report of the House of Commons Environmental Audit Committee, which also conducted an inquiry into TTIP and which made some recommendations similar to those of the Business, Innovation and Skills Committee.

¹ The Committee's Report on TTIP is published on Parliament's website at:
<http://www.publications.parliament.uk/pa/cm201415/cmselect/cmbis/804/804.pdf>

PART 1 – THE CASE FOR A TRADE AND INVESTMENT DEAL WITH THE US

Why an EU-US FTA is important to the UK

6. The EU-US Free Trade Agreement (EU-US FTA) negotiations are a significant economic and geo-political opportunity for the UK and EU. The agreement could add **up to £10 billion** annually to the UK economy² and demonstrate continued EU and US commitment to trade liberalisation based on fair rules and regulations.

7. As much as £1.6 billion of goods and services are traded between the US and Europe every day, to which **13 million jobs** are linked. The agreement could also benefit the EU economy by **up to £100 billion**³.

8. The agreement will reduce remaining tariffs on nearly all trade in goods. It will also improve access to US public procurement markets and improve customs clearance procedures for exporters. The greatest economic gains will come from reducing the cost of different regulations and standards by promoting greater compatibility – while maintaining our high levels of health, safety and environmental protection.

9. An EU-US FTA will make it easier for business in the EU to access a market of more than 300 million American consumers. It will benefit small businesses in particular which will find it easier to export because of reduced regulatory burdens and tariffs, smoother customs processes and access to US public procurement markets.

10. TTIP will directly benefit the consumer by widening the range of products available. It will also reduce trade costs, leading to cheaper goods, and increase job opportunities and wages. The **average UK household will benefit by as much as £400 a year**.

Addressing concerns about TTIP

11. The Government recognises that while an EU-US FTA can potentially bring huge benefits, some have expressed concerns about its impact on regulatory standards, public services, and the UK's right to regulate. These concerns need to be addressed.

² UK commissioned study by the Centre for Economic Policy Research (CEPR)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198115/bis-13-869-economic-impact-on-uk-of-transatlantic-trade-and-investment-partnership-between-eu-and-us.pdf

³ Study for the European Commission by the CEPR published at
http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf

12. The Department for Business, Innovation and Skills (BIS) is making the case for the agreement. BIS holds regular meetings with stakeholders representing a number of business associations, the TUC, consumers, and other Non-Governmental Organisations.

13. The Government has been absolutely clear that -

TTIP will not erode regulatory standards. Both the EU and US are publicly committed to maintaining high standards. TTIP provides a good opportunity to take stock of existing rules on both sides of the Atlantic and remove any unnecessary bureaucracy and regulatory duplication;

TTIP will not harm the NHS. TTIP will not affect the way the NHS takes decisions about who best should provide NHS services, and any suggestion that TTIP could change this is completely untrue. This has been confirmed by the EU and US negotiators; and,

UK sovereignty will not be threatened by TTIP. The EU has made it clear that the freedom of governments to regulate in the public interest will be explicitly protected. The Investor-State Dispute Settlement clauses being discussed will not prevent countries taking regulatory action to protect the public or the environment, nor will they overturn or force changes to law.

The negotiations

14. There have now been ten rounds of TTIP negotiations. The Government considers that negotiations have progressed well, particularly at a technical level. This technical work – understanding each other’s offers and considering areas where existing trade barriers can be removed – is crucial and prepares the ground for an ambitious and comprehensive agreement. We now want to accelerate work on all issues, with a goal of finalising understandings on the outline of an agreement as soon as possible, preferably by the end of this year.

PART 2 – GOVERNMENT RESPONSE TO THE REPORT'S RECOMMENDATIONS AND CONCLUSIONS

The Committee made 12 specific recommendations and conclusions in its Report. The Government's response to each of these points is set out below.

Background

Recommendation 1

Although we are at the end of the present Parliament, the negotiations on TTIP will continue. We urge our successor Committee, when it is reconstituted, to continue to monitor the TTIP proposals and the negotiation process. (Paragraph 6)

Government Response

15. The Government looks forward to working with the successor Committee and will continue to provide it with regular updates on the progress of the negotiations.

Economic benefits

Recommendation 2

Whilst TTIP has the potential to deliver economic benefits to the United Kingdom, it is impossible at this stage to quantify those benefits in any meaningful way. Rather than continue to use the £100 billion figure, the Government must come up with a comprehensive assessment which includes the estimated economic yield of a variety of levels of agreement. (Paragraph 22)

Government Response

16. We recognise there are limitations to all studies that attempt to estimate the benefits of trade and investment agreements, but the Centre for Economic Policy Research's (CEPR's) studies for UK, European Commission and other member states⁴ provide the most reliable and useful guide to the potential benefits of the agreement. Their general equilibrium based approach means they can capture indirect as well as direct effects of the agreement. They have used what is

⁴ UK commissioned study by the Centre for Economic Policy Research (CEPR)
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/198115/bis-13-869-economic-impact-on-uk-of-transatlantic-trade-and-investment-partnership-between-eu-and-us.pdf

Study for the European Commission by the CEPR published at
http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf

commonly accepted by trade economists as a state-of-the art model and drawn upon high quality data, for example for the estimates of non-tariff measures.

17. The CEPR studies also offer a range of scenarios to provide a guide to the impact of a deal reflecting varying levels of ambition. Whilst the figures the Government highlights are based on the CEPR's ambitious scenarios, these are still plausible – for example even the ambitious scenario assumes that the costs of most non-tariff measures will remain with only around a quarter of them being reduced as a result of the agreement.

18. We agree that it is important to show the tangible impacts of trade agreements. Careful and objective economic analysis of the quantifiable benefits, for companies and people, is an important aspect of this. As the details of a possible deal fall into place, we expect that further information about potential benefits for companies and people will be produced.

19. Experience also suggests it is necessary to provide headline figures for the potential benefits of trade agreements and that if these were not drawn from the independent CEPR studies, there is a risk that they might be taken from other, less plausible, studies.

Recommendation 3

We further recommend that this assessment sets out the potential benefits and risks on a sector by sector basis, so that each area of our economy can better understand the impact of a trade deal. (Paragraph 23)

Government Response

20. The CEPR analysis already includes an assessment of the impact on twenty broad sectors of the economy, with estimated impacts on output, trade and shifts in employment. Further details of the CEPR's sectoral analysis are provided in the **Annex**.

21. We are continuing to work closely with industry to understand their needs and what more the Government can do to retain the UK's competitive position within the global economy. We recognise the biggest challenge facing the economy is improving productivity and it is important to acknowledge that the productivity challenge is different sector by sector. Regular dialogue and working with business, including through the sector councils, as part of our wider industrial approach, is a vital part of that. We are also committed to creating the right business environment to help encourage free enterprise and unlock barriers to increasing productivity and growth.

Investor State Dispute Settlement

Recommendation 4

It is disappointing that BritishAmerican Business, the CBI and the IoD are so cautious about signing up to a 'loser pays' principle in ISDS cases. (Paragraph 39)

Recommendation 5

We recommend that should ISDS provisions be included in TTIP, that they include clauses to remove frivolous claims. (Paragraph 42)

Government Response (covering recommendations 4 & 5)

22. The Government wants to see the 'loser pays' principle incorporated in any ISDS provisions contained within the agreement. We also want to see the inclusion of a mechanism to reject frivolous claims quickly.

23. The EU-Canada Comprehensive Economic and Trade Agreement (CETA) published last year exemplifies developments in investment protection and ISDS provisions for modern trade and investment agreements. We expect CETA to provide the foundation for further reforms in the EU-US FTA. These developments include:

- making the unsuccessful party liable for the costs of the claim (the 'loser pays' principle);

- clarifying and explicitly stating the right of governments to regulate in the public interest;

- prohibiting claims from being pursued simultaneously under ISDS provisions and in domestic courts; and,

- improving transparency in the overall process.

The investment provisions included in CETA are published on the European Commission's website at:

http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151918.pdf

24. The question of investment protection and ISDS provisions in the EU-US agreement is still under consideration. The public consultation on these provisions carried out by the European Commission last year sought stakeholder views on what modern investment provisions should look like, drawing on the developments included in the CETA text and outlined above. The Commission has published a report on the consultation responses which is available on its website at: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1234>

25. A recent European Commission concept paper lays out the roadmap for reform at: http://trade.ec.europa.eu/doclib/docs/2015/may/tradoc_153408.PDF If included in the EU-US agreement, investment protection and ISDS provisions should protect the right of governments to regulate in the public interest and help deter investors from making unnecessary and speculative claims. The UK, with other EU Member States,

is considering the Commission's recent paper, and what further changes might be needed to the provisions for the EU-US FTA.

NHS and public services

Recommendation 6

It is impossible for us to make a definitive statement until a final text of the draft provisions are published although we welcome the repeated statements given by both the European Commission and the UK Government that public services—including the NHS—will be unaffected by TTIP. However, we are aware that not all campaigners will accept these statements at face value. We recommend that the Government, in its response to the Commission's consultation, ensures that an unequivocal statement protecting public services at present—and the right to expand them in the future—is set out in any ISDS provisions. We further recommend that those draft provisions are made public, in advance of final decision, so that they can be subject to public scrutiny. (Paragraph 51)

Government Response

26. To be clear, the NHS is under no threat whatsoever from the agreement with the US or any other trade and investment agreement. Over several decades the UK and EU have signed numerous trade agreements. These treaties have helped both UK and EU businesses grow and create high quality jobs. They have also ensured that it remains for the UK to decide how our public services are run. The agreement with the US will be no different. Decisions on how to deliver public services for the best outcomes for UK citizens are and will be made by UK governments, not our trade partners. The Prime Minister, the European Commission and the US government have all confirmed this.

27. In January, the European Commissioner for Trade, Cecilia Malmström, wrote to the then Minister of State for Trade and Investment, Lord Livingston of Parkhead, about the NHS, reiterating that the EU negotiating position for the agreement is to ensure that EU countries will be free to decide how they run their public health systems and that the NHS is not at risk from this FTA.

28. Commissioner Malmström summarised the EU's general approach to public health services in trade agreements, such as the EU-US FTA, as follows:

“Member States do not have to open public health services to competition from private providers, nor do they have to outsource services to private providers

Member States are free to change their policies and bring back outsourced services back into the public sector whenever they choose to do so, in a manner respecting property rights (which in any event are protected under UK law)

it makes no difference whether a Member State already allows some services to be outsourced to private providers, or not”

29. In conclusion, Commissioner Malmström stated: “there is no reason to fear either for the NHS as it stands today or for changes to the NHS in the future as a result of TTIP or indeed EU trade policy more general.”

30. Commissioner Malmström’s letter is published on the Gov.UK website at: <https://www.gov.uk/government/publications/nhs-and-ttip-letter-from-eu-trade-commissioner-cecilia-malmstrom>

31. Commissioner Malmström and US Trade Representative, Ambassador Froman, also agreed a joint statement which set out that:

“US and EU trade agreements do not prevent governments, at any level, from providing or supporting services in areas such as water, education, health and social services. Furthermore, no EU or US trade agreement requires governments to privatise any service, or prevents governments from expanding the range of services they supply to the public. Moreover, these agreements do not prevent governments from providing public services previously supplied by private service suppliers; contracting a public service to private providers does not mean that it becomes irreversibly part of the commercial sector.”

32. This joint statement on public services can be found on the European Commission’s website at: [http://europa.eu/rapid/press-release STATEMENT-15-4646_en.htm](http://europa.eu/rapid/press-release_STATEMENT-15-4646_en.htm)

33. For the Government’s approach to responding to the Commission’s consultation on ISDS, please refer to the response to recommendations 4 and 5.

34. The agreement is expected to be a mixed agreement to which the UK is individually a party. In that case, it will be subject to agreement by each EU Member State (including the UK), the EU Council (representing governments of the EU countries) and the European Parliament. As part of this process, the UK Parliament will receive the complete draft text of the agreement in order to scrutinise it through debates in both Houses. The text will also be published online at the same time.

35. The following stage, for a mixed agreement, would involve individual ratification by the UK and all other Member States. Only once all Member States have ratified the agreement and the European Parliament has consented, will the Council then decide to conclude the agreement.

European Commission consultation on ISDS

Recommendation 7

By undertaking to consult with Member States, the European Commission has given EU Countries the opportunity to reshape the negotiating mandate on ISDS clauses. We have yet to be convinced of the need for ISDS provisions in TTIP. The UK Government and the EU must demonstrate that the advanced legal institutions of the EU and the US cannot protect foreign investors before any ISDS is considered in the TTIP. (Paragraph 54)

Government Response

36. The Government regards it as fair that US investors in the UK or other EU countries receive the same treaty protections as UK and other EU investors in the US. However, both domestic and foreign investors already can and do bring claims against the UK government in UK courts in relation to government action affecting their investments, and the agreement will not change this.

37. The agreement will also give US investors rights to bring arbitration claims against the Government to an independent tribunal. Likewise, UK and other EU investors in the US will gain the right to bring claims against the US Government, whether at state or federal level, to an independent arbitral tribunal.

38. Investment protection treaties are designed to make investment across borders safer and to ensure that governments treat investors fairly, lawfully and without discrimination. International obligations as set out in treaties between states are not generally enforceable in domestic courts. It is therefore appropriate that there is an independent system to assess claims that the treaty obligations have been breached. The Government believes that the fairest way to ensure that these treaty claims are independently assessed is through independent international arbitration.

39. Investment protection treaties are not designed to stop governments from fairly regulating the activities of investors and companies.

Recommendation 8

Should ISDS provisions be included in TTIP, we believe that the following conditions will need to be necessary:

the inclusion of clauses to dismiss frivolous claims;

the exclusion of any clauses which would require the State to pay in all outcomes and a presumption that the loser should pay; and

the inclusion of a statement that the right to regulate by Sovereign Nations take precedence over an investors right to invest is placed at the heart of ISDS provisions. (Paragraph 55)

Government Response

40. Please refer to the response to recommendations 4 and 5.

Recommendation 9

We are deeply concerned by the Minister's statement that there will not be any formal response by the Government to the European Commission's consultation on ISDS with Member States. It does not give the impression that the Government is treating seriously the concerns that have been raised about the range or use of such clauses and serves only to fuel the existing scepticism held by opponents of TTIP. It also has the potential to leave the UK on the margins of any debate to better frame ISDS negotiations. We recommend that the Government produces a formal response to the consultation exercise and for it to be published at the same time it is submitted to the European Commission. (Paragraph 56)

Government Response

41. Given the scale of EU-US investment and the Government's ambition to promote further investment, it is appropriate that we consider whether we should include certain investment protections in the agreement. It is in both parties' interests to get the text right. Investment protection provisions, including ISDS, are an important element of the agreement.

42. It would be harder to argue for the inclusion of ISDS mechanisms in free trade agreements with other countries if we were not able to negotiate a clause with the US; but if we can get the right provisions in the agreement, with the appropriate safeguards, they could potentially become a model for negotiating future trade and investment agreements with other countries around the world.

43. The Government is fully engaged in consultation with the European Commission and other EU Member States and the US on the subject of investment protection. It would be a mistake to believe that the principal way Member States influence

Commission negotiating approaches is through a response to a Commission public consultation. The UK influences most through Council meetings and bilateral meetings at both Ministerial and official level. The consultation published by the Commission was designed to elicit the views of civil society to inform the debate which is ongoing between the European Commission, Council and Parliament, of which the UK is already an active part. It would not be proper for the Government to have responded to that consultation, indeed no other EU Member State responded to the Consultation, nor did the European Parliament. As noted above, consideration of ISDS has now moved on from the consultation which closed last July.

The debate on TTIP

Recommendation 10

38 Degrees has an extensive membership, which it encourages to become active in all areas of society. It therefore can have a significant impact on debate. We encourage 38 Degrees to highlight this Report in its entirety, alongside those of the other Parliamentary Committees, to its membership so that the debate on TTIP can be moved forward. (Paragraph 63)

Recommendation 11

BritishAmerican Business is a well-funded and vocal advocate of a trade deal. It therefore has a responsibility to engage fully in the debate on TTIP and not cherry-pick those areas it will and will not engage with. (Paragraph 64)

Government Response (covering recommendations 10 and 11)

44. The Government welcomes stakeholder engagement on the agreement but we recognise the independence of stakeholders and it is for them to decide on which issues they wish to engage.

45. There has been, and continues to be, extensive consultation on the agreement. The European Commission has run four online public consultations to get stakeholder views on various elements of the deal, including the consultation on investment protection and ISDS provisions. The Commission is holding regular meetings with an advisory group, as well as civil society groups throughout the negotiations.

46. BIS also holds regular meetings with organisations representing those with a particular interest in the EU-US FTA. These meetings help to inform the Government's approach to the negotiations and include representatives from business representative bodies, the TUC and other non-governmental organisations such as War on Want and Friends of the Earth.

Recommendation 12

We welcome the Minister's ambition to share more information and detail on TTIP with Members of Parliament and we recommend that Government continues to engage with all interested Parliamentary Committees. However, we do not believe this goes far enough. We recommend that the Department actively signposts information to all organisations involved in either supporting or opposing TTIP. (Paragraph 65)

Government Response

47. Information about the EU-US FTA negotiations is available on the Gov.UK website at: www.gov.uk/bis/ttip and the European Commission's website at: <http://ec.europa.eu/trade/policy/in-focus/ttip/>

This is signposted to all organisations that we engage with (on leaflets, in meetings and via social media). In addition to this we are developing further content which will better explain to the British public the Government's position on the agreement.

Annex
CEPR Sector Analysis – ‘Modest’ Scenarios

Sector	Scenario	Change in UK Output (%)	UK exports (%)	UK imports (%)	Less Skilled Employment (%)	More Skilled Employment (%)
Agriculture, forestry, fisheries	Basic Modest	0.02	0.34	0.73	0.02	0.02
	Modified Modest	0.01	0.31	0.79	0	0.01
Other primary sectors	Basic Modest	0	0.21	0.11	-0.05	-0.05
	Modified Modest	-0.01	0.27	0.12	-0.06	-0.06
Processed foods	Basic Modest	0.25	2.52	1.05	0.15	0.16
	Modified Modest	0.28	2.6	1.12	0.16	0.16
Chemicals	Basic Modest	-0.25	1.55	1.57	-0.31	-0.31
	Modified Modest	-0.13	2.44	2.05	-0.22	-0.21
Electrical machinery	Basic Modest	0.87	1.74	0.35	0.72	0.73
	Modified Modest	0.57	1.35	0.44	0.42	0.43
Motor vehicles	Basic Modest	1.65	6.89	1.76	1.55	1.55
	Modified Modest	2.84	10.84	2.41	2.69	2.7
Other transport equipment	Basic Modest	-0.31	1.74	2.74	-0.36	-0.36
	Modified Modest	-0.44	1.58	2.86	-0.5	-0.49
Other machinery	Basic Modest	0.34	1.12	0.71	0.26	0.27
	Modified Modest	0.23	0.94	0.88	0.13	0.14
Metals and metal products	Basic Modest	-0.71	3.16	2.56	-0.73	-0.73
	Modified Modest	-0.8	2.99	2.84	-0.83	-0.82
Wood and paper products	Basic Modest	-0.01	0.98	1	-0.08	-0.08
	Modified Modest	-0.02	0.97	1.13	-0.11	-0.1
Other manufactures	Basic Modest	-0.2	0.88	0.84	-0.26	-0.25
	Modified Modest	-0.28	0.75	1	-0.35	-0.34
Water transport	Basic Modest	0.12	0.27	0.32	0.03	0.04
	Modified Modest	0.1	0.3	0.39	0	0.01
Air transport	Basic Modest	0.01	0.11	0.34	-0.14	-0.14
	Modified Modest	-0.03	0.08	0.42	-0.21	-0.2

Sector	Scenario	Change in UK Output (%)	UK exports (%)	UK imports (%)	Less Skilled Employment (%)	More Skilled Employment (%)
Finance	Basic Modest	0.61	1.62	0.84	0.47	0.47
	Modified Modest	0.63	1.68	0.92	0.46	0.47
Insurance	Basic Modest	0.37	1.96	0.59	0.27	0.28
	Modified Modest	0.39	2	0.66	0.27	0.28
Business services	Basic Modest	0.09	0.28	0.56	-0.07	-0.06
	Modified Modest	0.1	0.36	0.75	-0.09	-0.08
Communications	Basic Modest	0.1	0.38	0.78	-0.02	-0.01
	Modified Modest	0.12	0.43	0.88	-0.03	-0.02
Construction	Basic Modest	0.22	-0.04	0.59	0.07	0.07
	Modified Modest	0.27	-0.08	0.71	0.07	0.08
Personal services	Basic Modest	-0.03	-0.25	1.25	-0.14	-0.13
	Modified Modest	-0.05	-0.43	1.45	-0.18	-0.17
Other services	Basic Modest	0.07	0.03	0.38	-0.01	-0.01
	Modified Modest	0.08	0	0.5	-0.02	-0.01

Source: *Estimating the Economic Impact on the UK of a Transatlantic Trade and Investment Partnership (TTIP) Agreement between the European Union and the United States*, CEPR, March 2013

CEPR Sector Analysis – ‘Ambitious’ Scenarios

Sector	Scenario	Change in UK Output (%)	UK exports (%)	UK imports (%)	Less Skilled Employment (%)	More Skilled Employment (%)
Agriculture, forestry, fisheries	Basic Ambitious	0	0.06	1.07	-0.03	-0.02
	Modified Ambitious	-0.03	-0.01	1.25	-0.08	-0.07
Other primary sectors	Basic Ambitious	-0.02	0.38	0.05	-0.11	-0.11
	Modified Ambitious	-0.02	0.53	0.05	-0.16	-0.15
Processed foods	Basic Ambitious	0.5	4.52	1.66	0.31	0.32
	Modified Ambitious	0.55	4.73	1.88	0.31	0.34
Chemicals	Basic Ambitious	0.45	3.83	2.44	0.29	0.3
	Modified Ambitious	1.65	6.76	3.16	1.37	1.4
Electrical machinery	Basic Ambitious	0.93	2.77	0.74	0.71	0.72
	Modified Ambitious	-0.36	1.24	1.04	-0.57	-0.54
Motor vehicles	Basic Ambitious	4.09	15.18	3.31	3.86	3.88
	Modified Ambitious	7.29	25.62	5	6.93	6.96
Other transport equipment	Basic Ambitious	-0.44	3.35	4.69	-0.54	-0.52
	Modified Ambitious	-0.88	2.8	5.09	-1	-0.98
Other machinery	Basic Ambitious	0.01	0.6	1.25	-0.11	-0.1
	Modified Ambitious	-0.51	-0.16	1.82	-0.66	-0.63
Metals and metal products	Basic Ambitious	-1.48	5.3	4.6	-1.52	-1.51
	Modified Ambitious	-1.87	4.69	5.37	-1.93	-1.9
Wood and paper products	Basic Ambitious	-0.14	1.63	2.16	-0.28	-0.26
	Modified Ambitious	-0.21	1.49	2.58	-0.39	-0.36
Other manufactures	Basic Ambitious	-0.5	0.46	1.46	-0.61	-0.59
	Modified Ambitious	-0.73	0.1	1.97	-0.87	-0.85
Water transport	Basic Ambitious	0.12	0.46	0.61	-0.03	-0.02
	Modified Ambitious	0.05	0.54	0.81	-0.15	-0.11
Air transport	Basic Ambitious	-0.09	0.11	0.73	-0.36	-0.35
	Modified Ambitious	-0.23	-0.02	0.99	-0.57	-0.54
Finance	Basic Ambitious	1.13	3.12	1.74	0.87	0.88
	Modified Ambitious	1.14	3.21	2	0.81	0.84

Sector	Scenario	Change in UK Output (%)	UK exports (%)	UK imports (%)	Less Skilled Employment (%)	More Skilled Employment (%)
Insurance	Basic Ambitious	0.69	3.68	1.39	0.5	0.51
	Modified Ambitious	0.71	3.67	1.64	0.47	0.5
Business services	Basic Ambitious	0.14	0.41	1.21	-0.15	-0.13
	Modified Ambitious	0.15	0.54	1.76	-0.22	-0.19
Communications	Basic Ambitious	0.15	0.55	1.68	-0.07	-0.05
	Modified Ambitious	0.17	0.68	2.02	-0.12	-0.09
Construction	Basic Ambitious	0.4	-0.19	1.3	0.11	0.12
	Modified Ambitious	0.5	-0.32	1.7	0.11	0.15
Personal services	Basic Ambitious	-0.14	-0.8	2.97	-0.33	-0.32
	Modified Ambitious	-0.23	-1.4	3.69	-0.48	-0.45
Other services	Basic Ambitious	0.13	-0.1	0.93	-0.02	-0.01
	Modified Ambitious	0.17	-0.22	1.36	-0.04	-0.01

Source: *Estimating the Economic Impact on the UK of a Transatlantic Trade and Investment Partnership (TTIP) Agreement between the European Union and the United States*, CEPR, March 2013

Notes:

Scenario Definition

Modified modest scenario	100% tariffs, except limited reductions for processed foods	25% of actionable NTBs, except 50% NTBs in chemicals, motor vehicles,
Basic modest scenario	100%, except limited reductions for processed food	25% of actionable NTBs
Basic ambitious scenario	100 %	50 % of actionable NTBs
Modified ambitious scenario	100%	50% of actionable NTBs, except 75% NTBs in chemicals, motor vehicles, business/ICT services

The % impact changes are relative to the baseline estimated for 2027.

Total employment is assumed not to change and the % changes in employment show how employment is expected to shift between sectors.

Explanation of sectors:

- ‘Other primary sectors’ includes minerals, coal & oil/gas.
- ‘Processed foods’ including beverages and tobacco.
- ‘Chemicals’ includes pharmaceuticals, plastics & rubber.
- ‘Electrical machinery’, includes IT equipment, electricity generating and transmission equipment, TVs/videos, telephones, lighting & batteries & parts.
- ‘Motor vehicles’ includes most components.
- ‘Other transport equipment’ includes trains, ships & aerospace.
- ‘Other machinery’ includes machinery, medical equipment, precision instruments, watches/clocks
- ‘Wood and paper products’ includes publishing.
- ‘Other manufacturers’ includes textiles, clothing & footwear, leather products, refining, glassware, ceramics, cement/plaster/etc, furniture, miscellaneous manufactured products & recycling.
- ‘Business services’, includes real estate, computing & R&D.
- ‘Personal services’, includes sports, recreational & cultural.
- ‘Other services’ includes other (public) services, including electricity, water & sewage, wholesaling, retailing, travel agencies, public administration (including defence), education and health.

ISBN 978-1-4741-2405-8



9 781474 124058