

# ANNEXES – Non-tariff measures in EU-US trade and investment – An economic analysis

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## Annex II      Systematic literature review NTMs and regulatory divergence

*Note: Review of literature that was available mostly in the spring of 2008. For final lists of most important barriers in each sector, see Annex IX.*

## 1.1 Travel Services

### 1.1.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Travel services	Differences in Travel Registration Programmes and a multitude of them constituting a barrier to travel facilitation and interoperability: <ul style="list-style-type: none"> <li>- differences in advance passenger information requirements</li> <li>- differences in security measures for airline industries</li> <li>- long security delays for travelers across the Atlantic</li> <li>- differences in providing information upon departing the US</li> </ul>	TABD	Medium	Decreasing (efforts undertaken by EC and CBP to reduce)	High	Medium
	US Visa Waiver Programme (VWP): No visum free travel between the EU and US – now at individual EU member state level agreements	TABD	Medium	Constant – Decreasing (visa waiver adopted March 2008 – Brdo)	High	High
	Horizontal: customs procedures	Expert	Medium	Constant - increasing	High	Medium

### 1.1.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Travel services	Differences in Travel Registration Programmes and a multitude of them constituting a barrier to travel facilitation and interoperability: <ul style="list-style-type: none"> <li>- differences in advance passenger information requirements</li> </ul>	TABD	Medium	Decreasing (efforts undertaken by EC and CBP to reduce)	High	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<ul style="list-style-type: none"> <li>- differences in security measures for airline industries</li> <li>- long security delays for travelers across the Atlantic</li> </ul>					
	US Visa Waiver Programme (VWP): No visum free travel between the EU and US – now at individual EU member state level agreements	TABD	Medium	Constant – Decreasing (visa waiver adopted March 2008 – Brdo)	High	High
	Ireland and UK not part of the common EU visum programme	Expert	Low	Decreasing		Low
	Horizontal: customs procedures	Expert	Medium	Constant - increasing	High	Medium



## 1.2 Transportation Services

### 1.2.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
I .61.00 - Water transport	<p>The US has a number of statutes in place that require certain types of government-owned or financed cargoes to be carried on US-flag commercial vessels:</p> <ul style="list-style-type: none"> <li>The Cargo Preference Act of 1904 requires that all items procured for or owned by the military departments be carried exclusively on US-flag vessels. Waivers may be granted if the rates charged are excessive or otherwise unreasonable.</li> <li>Public Resolution N°17, enacted in 1934, requires that 100 percent of any cargoes generated by US Government loans (i.e. commodities financed by Export-Import Bank loans) be shipped on US-flag vessels. The US Maritime Administration, MARAD, may grant waivers due to, for example, insufficient number of vessels or tonnage capacity available, unsuitable scheduling, unreasonable rates.</li> <li>The Cargo Preference Act of 1954 requires that at least 50 percent of all US government-generated cargoes covered be transported on US-flagged vessels to the extent such vessels are available at fair and reasonable rates. Waivers may be granted in an emergency.</li> </ul>	<p>MADB, US Department of Transportation (<a href="http://www.marad.dot.gov/ships_shipping_landin_g_page/cargo_preference/cargo_civilian_agencies/Civilian_Agencies.htm">http://www.marad.dot.gov/ships_shipping_landin_g_page/cargo_preference/cargo_civilian_agencies/Civilian_Agencies.htm</a>)</p>	High	Constant	High	Medium / High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<ul style="list-style-type: none"> <li>The Food Security Act of 1985 amended the above US Cargo Preference Act of 1954 by introducing a provision to require that the percentage of shipments of agricultural cargo executed under foreign assistance programmes carried on US flagged vessels be increased from 50 percent to 75 percent.</li> <li>US Mineral Leasing Act, as amended, stipulates that exports of Alaskan North Slope oil must be transported on US-flagged vessels (with some exceptions).</li> </ul>					
	US wants to introduce regulation to force water transporters to provide extensive data about their passengers, including fingerprints, when leaving the US.	Expert	Medium	Increasing	High	Low
<b>I.61.10</b> Sea and Coastal transport	Regarding transportation of US food aid, the US imposes cargo preferences on the World Food Program (WFP) requiring that at least 75 percent of tonnage granted is transported on vessels carrying the US flag. It is, however, recognised that freight rates on ships carrying the US flag are generally higher than those of other ships. The cost difference between the estimated amount of freight on a ship not carrying a US flag and the actual freight on a US vessel is called the Cargo Preference Premium. From 2002, income and expenditures are being recorded on the basis of the adjusted global freight estimates (net of cargo preference premiums). However, as a service to the US, the WFP continues to account for cash receipts and cash disbursements related to US cargo preference premiums	MADB	High		Medium	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	thus adding important operational costs. The EU considers this is a way of extending restrictive and discriminatory public procurement practices beyond the US public procurement market. In fact, this policy imposes <b>Buy American requirements</b> on a UN organisation.					
I.62.00 Air transport	The Federal Aviation Act of 1958 requires US airlines to be under the actual control of US citizens in order to be licensed for operation. For airline corporations, 75 percent of the voting interest must be held by US citizens and two-thirds of its board of directors must be US citizens. This latter limitation makes US rules on foreign ownership considerably more restrictive than relevant EU rules. Cross border investment is an important driving force behind liberalisation. Reducing foreign ownership restrictions would give better access for carriers to international capital and facilitate cross-border restructuring, which in turn would contribute to growth, competitive effectiveness, and the promotion of competition and consumer benefits.	OECD; MADB	High	<b>Decreasing;</b> Open skies agreement into force as of 30 March 2008. The EU-US Air Transport Agreement signed on 30 April 2007 refers to further investment opportunities as one of the objectives for second-stage negotiations.	High	High
I.62.30 - Space transport	Federal law and policy maintain high barriers to US Government utilization of foreign launch services. <ul style="list-style-type: none"> <li>The President's <b>US Space Transportation Policy</b> authorized on December 21, 2004, requires the launch of US government payloads (satellites) on space launch vehicles manufactured in the US unless exempted by the Director of the Office of Science and Technology Policy, in consultation with the Assistant to</li> </ul>	MADB	High	Constant	High	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>the President for National Security Affairs. An exception is provided for use of foreign launch vehicles on a "no-exchange of funds" basis for limited scientific programmes.</p> <ul style="list-style-type: none"> <li>• The <b>Commercial Space Act</b> of 1998 also requires the Federal Government to acquire space transportation services from US commercial providers whenever such services are required. The Act's definition of a US commercial provider effectively excludes all foreign launch service providers by establishing domestic content in excess of 50 percent.</li> <li>• The same situation exists for the providers of remote sensing capabilities. The US <b>Commercial Remote Sensing Policy</b> of 25 April 2003 directs the US government to rely to the maximum practical extent on US commercial remote sensing capabilities, not only for military and homeland security but also for civil uses.</li> </ul>					
<p><b>I.63.11</b> Cargo handling</p>	<p>100% scanning required of containers to be loaded on board of vessels bound for USA as of 1 July 2012</p> <p>On 13 October 2006, US President Bush signed into law the so-called <b>SAFE Port Act</b>. The Act contains a number of provisions that impact upon port security as well as international supply chain security.</p> <ul style="list-style-type: none"> <li>• On 3 August 2007, the President signed into law the "Implementing Recommendations of the 9/11</li> </ul>	<p>ESPO, ESC, MADB</p>	<p>High. Additional costs expected for handling, sea transport, etc.</p>	<p><b>Increasing;</b> will be implemented within a 5 year time period.</p>	<p>High</p>	<p>High</p>



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>Commission Act of 2007". This legislation introduces the requirement of 100 percent scanning in foreign ports of all maritime containers destined for the US as from July 2012.</p> <ul style="list-style-type: none"> <li>The new legislation also sets out other requirements (e.g. standards for container security devices and/or smart box technology), which have the potential to hamper the possibility for EU trade to compete fairly with their US competitors and to excessively burden the EU export supply chain.</li> </ul>					
I .63.22 - Other supporting water transport activities	<p>The US Code, Title 46, Shipping, Section 12108, prevents EU fishermen from fishing in US waters under the US flag as foreign-built vessels are not eligible to receive a fisheries <b>licence</b>. This situation also precludes the possibility of joint ventures and joint enterprises. In addition, <b>the American Fisheries Act</b> of 1998 included a provision that increased the percentage of shares in a vessel that must be held by US citizens in order for the vessel to be considered a US vessel from 50 percent to 75 percent.</p>	MADB				
I .63.23 - Other supporting air transport activities	<p>Rules pertaining to the leasing of aircraft are determined by the <b>Federal Aviation Administration (FAA)</b> regulations which distinguish between <b>dry leasing (without crew) and wet leasing (with crew)</b>. In general, for dry leasing, the lessee is granted operational control of the aircraft, whilst for wet leasing, the leaser retains operational control of the aircraft. The US rules on wet lease prevent any lease of</p>	MADB	High	<b>Decreasing;</b> the EU-US Air Transport Agreement includes the opportunity for EU carriers to lease to US carriers aircraft with crew for		High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	non-US registered aircraft by US carriers. No Community-registered aircraft with Community crew can thus be leased to US companies.			international air transportation. The Agreement will be applied provisionally from 30 March 2008. Before the end of 2007, the US Department of Transportation will issue guidance for the economic and technical requirements for the provision of aircraft with crew by foreign carriers.		

### 1.2.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
I.60.21 - Other scheduled passenger land transport	In 2004, the EU adopted a revised <b>Utilities Directive</b> (2004/17), covering purchases in the water, transportation, energy, and postal services sectors. Member States were	USTR Report 2008	High		2	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	mandated to implement the new Utilities Directive by the end of January 2006, but some EU Member States still have not implemented it. This Directive requires open, objective bidding procedures, but discriminates against bids with less than 50 percent EU content that are not covered by an international or reciprocal bilateral agreement. The EU content requirement applies to U.S suppliers of urban transport.					
<b>I.61.00</b> - Water transport	In 2004, the EU adopted a revised <b>Utilities Directive</b> (2004/17), covering purchases in the water, transportation, energy, and postal services sectors. Member States were mandated to implement the new Utilities Directive by the end of January 2006, but some EU Member States still have not implemented it. This Directive requires open, objective bidding procedures, but discriminates against bids with less than 50 percent EU content that are not covered by an international or reciprocal bilateral agreement. The EU content requirement applies to U.S suppliers of water transport.	USTR Report 2008	High		Medium	High
<b>I.61.10</b> Sea and Coastal transport	Cabotage restricted to EU/national carriers. US vessels are in many EU countries not at all allowed. They have access to some EU countries, but are not active there.	OECD	High	No change	Low	High
	National ship registers not open to majority foreign owned vessels.	OECD, national regulations	This is a minor NTM, as vessels can register under any flag.	No change	Low	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
			See above restriction.			
<b>I.61.20</b> Inland water transport	Restrictions for foreign owned vessels to participate in inland Rhine traffic.	OECD	High	No change	Low	High
<b>I.62.00</b> Air transport	Operational licenses and cabotage are in many cases restricted to national carriers. Domestic movements are completely protected.	OECD	High	Open skies agreement into force as of 30 March 2008.	High	Medium
<b>I.63.11</b> Cargo handling	Customs administrations base their risk-analysis on adequate descriptions of goods where a commodity code is not provided by the person that lodges the summary declaration. In those cases, too vague a description would not provide. This leads to strict regulation on <b>labelling</b> of cargo.	EC TAXUD/140 2/2007 Final- EN	Medium	<b>Increasing</b> , in light of more security issues.	Medium	Low

## 1.3 Financial Services

### 1.3.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
J .65.00 - Financial intermediation, except insurance and pension funding	Section 319 of the <b>PATRIOT Act</b> , adopted in 2001, deals with the forfeiture of funds in United States inter-bank accounts by those accused of money laundering. It requires US correspondent banks to maintain certain records concerning a foreign bank that has a US correspondent account. Furthermore it provides authority for the Treasury Secretary and the Attorney General to subpoena the foreign bank's offshore records concerning the account and authorises forfeiture of deposits in the foreign bank.	EU MADB	Steep	Increasing	Top	High
	International banks must register in the US as broker-dealers under Section 15 of the Securities and Exchange Act 1934 if they provide global custody and certain related services directly to US investors from outside the US This is not the case for US banks doing the same business since they are covered by an exception pursuant to <b>SEC "Regulation R"</b> adopted in September 2007.	EU MADB	Steep	Constant	Top	Medium
	<b>Discriminatory taxation</b> of European financial institutions that apply IFRS instead of US GAAP	TABD	Steep	Constant	Top	High
	Differences in the implementation of the <b>Basle II</b> framework for banks.	TEC	Steep	Constant	Medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	Auditor oversight and <b>lack of cooperation</b> between EU and US financial regulators.	TEC, Business Europe	Steep	Constant	Top	Medium
	As of August 1989, the Federal Reserve may refuse to designate as a primary dealer a foreign-controlled commercial or investment bank, if the government of the home country of the foreign bank denies national treatment to US-owned banks for government securities operations. Denial of the primary dealer designation means that the Federal Reserve, at its initiative, will no longer deal with that firm in the conduct of monetary policy.	OECD	Steep	Constant	Top	Low
	<p><b>Regulation concerning Non-US banks:</b></p> <ul style="list-style-type: none"> <li>Alabama, Arkansas, Florida, Georgia, Minnesota, Mississippi, North Carolina, Virginia and Wisconsin effectively prohibit US affiliates of non-US banks from acquiring in-state banks by requiring an acquiring bank to have its "home state" or "<b>principal place of business</b>" in a state of a regional banking pact where the majority of its consolidated deposits is located.</li> <li>Deposit agencies of non-US banks are prohibited from accepting deposits other than from a foreign nation or a person domiciled in a foreign nation. State chartered banks and out-of-state US banks owned by non-US banks are treated differently than other California or US banks in acquisition of a California bank.</li> </ul>	OECD	Steep	Increasing	Top	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<ul style="list-style-type: none"> <li>Non-US banks may maintain only one office and may not act in a manner to attract customers from the general public. They may not act as a fiduciary of any sort, nor accept deposits from US persons, unless they could do so if operating in the state as a federal agency under the International Banking Act.</li> <li>Non-US banks may not establish full service branches or banks. Non-US bank agencies may not accept domestic deposits or act as fiduciary. Out-of-State banks may not establish full service branches. Establishment of an agency or representative office by non-US Bank is <b>conditioned on reciprocity</b>.</li> <li>For a foreign banking corporation the first <b>application fee</b> shall be a minimum of two thousand five hundred dollars (€ 1923/\$ 2 500) and a maximum of ten thousand dollars (€ 7962/\$ 10 000), annual licence renewal shall be two hundred fifty dollars (€ 192/\$ 250).</li> <li>Non-US banks may not hold real estate other than as a place of business or residence for its employees, incidental to its loan business.</li> </ul>					
	A person who is not a US citizen may not directly or indirectly control state savings and loan associations.	OECD	Medium	Constant	Medium	High
<b>J .65.10</b> - Monetary intermediation						
<b>J .65.11</b> - Central	Duplicative consolidated supervision of European Banks	TABD	Steep	Increasing	Top	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
banking	by both SEC and Federal Reserve.					
J .67.12 - Security broking and fund management	EU securities firms may register as broker-dealers or investment advisers, and may in principle establish both in the form of branches or subsidiaries. However, the establishment of a branch in the US by foreign securities firms to engage in broker-dealer activities, although legally possible, is in fact not practicable since registration as a broker-dealer means that the foreign firm has to register thus becoming subject to the <b>Securities and Exchange Commission (SEC) regulation</b> . Foreign mutual funds have not been able to make public offerings in the US because the SEC's conditions make it impracticable for a foreign fund to register under the US Investment Company Act of 1940.	EU MADB	Steep	Constant	Top	
Horizontal	The information reporting requirements of the <b>US Tax Code</b> as applied to certain foreign-owned corporations mean that domestic and foreign companies are treated differently. These rules apply to foreign branches and to any corporation that has at least one 25 percent foreign shareholder.	EU MADB	Medium	Constant	Medium	High
	EU companies admitted to trading on the New York Stock Exchange (or other US exchanges) must reconcile financial statements with US accounting <b>standards (US GAAP)</b> . This means a significant cost for EU companies raising capital in the US The regulatory requirements for firms listed on a US exchange have increased significantly	EU MADB; AMCHAM EU; Business Europe	Steep	Decreasing	Top	High



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	over the last few years, especially due to the <b>Sarbanes-Oxley Act of 2002</b> . European firms listed on US exchanges may consider delisting. SEC rules made it virtually impossible for foreign firms to delist from NYSE or NASDAQ, and even if they were, SEC registration requirements still applied if the registrant had more than 300 US shareholders, which was often the case. Lack of harmonization of accounting standards; need for US GAAP reconciliation for Foreign Private Issuers with IFRS financial statements					
	US and EU firms which transatlantic business only on a cross-border basis with institutional investors are subject to local licensing requirements and are denied the benefit of <b>mutual recognition</b> , regardless of the fact that both the EU and the US have rigorous standards in place to regulate such institutional transactions.	AMCHAM EU, TEC, TABD	Steep	Constant	Top	Low
	Absence of <b>convergence in regulations</b> as far-reaching as classification of counterparties, disclosure of large shareholdings, segregation of client assets and lack of convergence in reporting standards and timeframes.	AMCHAM EU, TEC	Steep	Constant	Medium	Medium

### 1.3.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>J .65.00</b> - Financial intermediation, except insurance and pension funding	Direct branches of non-EU financial service institutions remain subject to <b>individual Member State authorization and regulation.</b>	US TBR	Steep	Constant	High	Medium
	US and other non-Italian banks must obtain <b>Bank of Italy approval</b> to operate in Italy. Foreign banks, however, face the same capital requirements as banks chartered in Italy.	US TBR	Medium	Constant	Medium	Medium
	US and other investment firms from non-EU countries may operate with authorization from Italy's securities market regulator, CONSOB. CONSOB may deny <b>authorization to investment firms</b> from countries that discriminate against Italian firms.	US TBR	Medium	Constant	Medium	Medium
	Differences in the implementation of <b>the Basle II framework</b> for banks	TEC	Steep	Constant	Medium	Low
	Auditor oversight and <b>lack of cooperation</b> between EU and US financial regulators.	TEC, Business Europe	Steep	Constant	High	Medium
	Need for a better balance between speed and quality of legislation and for fast track solutions to remedy bad legislation	UNICE	Medium	Constant	Medium	
	Boundary between company law, financial reporting and securities legislation needs to be made clearer.	UNICE	Medium	Constant	Medium	
	Creation of a new credit institution or a new financial	OECD	Medium	Constant	Medium	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	company owned or controlled by non-EC investors may be restricted.					
	<b>National treatment</b> may be applied to non-EC subsidiaries and branches of Foreign Credit Institutions (FCIs) on the basis of reciprocity.	OECD	Medium	Constant	Medium	Medium
	In principle, <b>permit to engage in credit information activities</b> is not granted to foreign companies, or to Swedish corporations not having a foreigner's clause in their articles of association.	OECD	Steep	Constant	Top	High
	<b>Reciprocity conditions</b> may apply as part of the recognition procedures for foreign exchanges and clearing houses with foreign headquarters. <b>Reciprocity conditions</b> for foreign-owned institutions, which are U.K. based and which have the capacity in the U.K. to act as an issuing house, to be eligible to lead-manage sterling issues.	OECD	Medium	Constant	Medium	Low
<b>J .65.11</b> - Central banking	Need for <b>supervisory convergence</b> within different sectors and across financial sectors with the development of “lead supervisors” and disclosure by supervisors of their approaches and procedures.	UNICE	Steep	Increasing	Top	Medium
	<b>Prior authorisation by the Belgian Ministry of Finance</b> required for public issues, offers for sale on the security market, listing on stock exchanges and other financial instruments created by a private person, a company or an institution under non-EC control, as well as offers for sale of Belgian securities by a private person, a company or an	OECD	Medium	Constant	Medium	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	institution under non-EC control.					
J .67.12 - Security broking and fund management	<b>Reciprocity requirements</b> are in force for foreign investment in registered securities brokers and dealers by non-EC companies and stock exchange membership by securities brokers and dealers in which non-EC residents have a holding. It may be in force for institutions from non-EC countries for lead-managers of Guilder-denominated issues.	OECD	Medium	Constant	Medium	Low
<b>Horizontal</b>	EU banking, insurance and investment services directives currently include “reciprocal” <b>national treatment</b> clauses under which a financial services firm from a third country may be denied the right to establish a new business in the EU if the EU determines that the investor’s home country denies national treatment to EU service providers.	US TBR				Low
	Proposals to create a Committee on Foreign Investment in the United States or CFIUS-type review procedure to vet foreign proposals for mergers and acquisitions.	Business Europe	Steep	Increasing	Top	
	<b>Foreign participation in newly privatised companies</b> may be limited to a variable amount, determined by the government on a case-by-case basis, of the equity offered to the public.	OECD	Steep	Increasing	Top	
	<b>VAT grouping</b> is already employed by the UK, the Netherlands, Ireland, Germany, Austria, Denmark, Finland and Sweden. The Polish government still treats independent legal persons as a single taxable person as allowed by the EU VAT Directive. VAT grouping would	US TBR	Medium	Constant	Medium	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	allow financial service providers to recover VAT charges they incur upon making intra-company payments for supplies, including labour costs.					
	US and other non-EU investors receive less advantageous treatment in Greece than domestic or other EU competitors in banking (which was opened to EU citizens under EU single market rules). For reasons of national security, non-EU investors are restricted in their ability to purchase land in border regions and on certain islands.	US TBR	Medium	Constant	Medium	Medium
	US and EU firms which transatlantic business only on a cross-border basis with institutional investors are subject to <b>local licensing requirements</b> and are denied the benefit of <b>mutual recognition</b> , regardless of the fact that both the EU and the US have rigorous standards in place to regulate such institutional transactions.	AMCHAM EU, TEC, TABD	Steep	Constant	Top	High
	Absence of <b>convergence in regulations</b> as far-reaching as classification of counterparties, disclosure of large shareholdings, segregation of client assets and lack of convergence in reporting standards and timeframes.	AMCHAM EU, TEC	Steep	Constant	Medium	Medium



## 1.4 Computer and Information Services

### 1.4.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
K 72.00	<p><b>Intellectual Property Rights:</b></p> <ul style="list-style-type: none"> <li>US Patent law is based on first to invent, while first to file-principle is in use in the EU</li> <li>EU and US law take very different approaches to the patentability of software</li> <li>Section 337 of the Tariff Act of 1930 provides remedies for holders of US intellectual property rights by keeping the imported goods which are infringing on such rights out of the US (“exclusion order”), or to have them removed from the US market once they have come into the country (“cease and desist order”). In February 2000, the EU and its Member States held WTO consultations with the US with no positive outcome on the issue. Since then, the US International Trade Commission (ITC) has started new investigations against European companies. The European Commission is concerned by these developments and regularly raises Section 337 in its bilateral contacts with the US Administration.</li> </ul>	<p>USTR, 2008</p> <p>DG Trade WTO Disputes database</p> <p>European Commission, 2007</p>	High	Decreasing (due to EU and US agreements) and EU Directive of 2004 plus US Patent Reform Act 2005	1	Low
K .72.20 K .72.30 K .72.40	European <b>satellite operators</b> have encountered difficulties in serving the US market as a result of the FCC application of its DISCO II public interest framework that considers the effect on competition in the US, spectrum availability, eligibility and	MAC	high	Decreasing	5	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	operating (e.g. technical) requirements, and national security, law enforcement, foreign policy and trade concerns.					
K 72.00	Frequent absence of a transparent regulatory regime for the operation of foreign professional service suppliers	European Commission, 2004	Medium	constant	4	Low
K 72.00	Visa non-reciprocity regime / Obtaining work permits	European Commission, 2007	High	Decreasing	2	High
All	Tax Code Reporting Requirements applied to foreign owned corporations	MAC	low	Constant	3	High



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	<p><b>Berry Amendment to the 1941 Defence Appropriations Act:</b> The concept of national security was originally used in the 1941 Defence Appropriation Act to restrict procurement by the DoD to US sourcing. Now known as the Berry Amendment, its scope has been extended to secure a wide range of products only tangentially-related to national security concerns</p> <p>The FY2006 Defense Authorization Act (Section 833) contains changes to the Berry Amendment that expand the coverage of this amendment's Buy American provisions. The new language requires DoD to notify Congress within seven days if it awards a contract to a foreign manufacturer and place the contract on a General Services Administration Web site</p> <p>The act has restricted EU software producers and computer services providers' entry to the US government defense procurement market nearly completely.</p>	DG Trade Market Access Database	medium	Increasing	9	Low
All	<p><b>Sarbanes-Oxley and International Accounting Standards:</b> The Sarbanes Oxley Act (SOX) was introduced in 2002 as a means to prevent further accounting scandals such as the ENRON case. SOX has proved controversial, particularly with regard to its impact on non-US companies, which are listed on US stock markets. Research shows that additional compliance costs are over 60 percent higher than originally estimated after introduction of SOX. A large majority of companies will not manage to fulfill the complicated and expensive SOX Section 404 internal control reporting requirements by the November 2004</p>	American Chamber of Commerce in Germany	low	constant	6	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	deadline. Further, companies operating in the US and Europe face the problem of conflicting requirements, when corporate governance regulations in the US differ from those in their home countries.					
All	<p><b>Buy American Act:</b></p> <p>The Buy American Act (BAA), initially enacted in 1933, is the core domestic preference statute governing US procurement. It covers a number of discriminatory measures, generally termed Buy American restrictions, which apply to government-funded purchases. The Buy American Act:</p> <p>1) Restricts the purchase of supplies, which are not domestic end products, for use within the US. A foreign end product may be purchased if it is determined that the price of the lowest domestic offer is unreasonable or if another exception applies;</p> <p>2) Requires, with some exceptions the use of only domestic construction materials in contracts for construction in the US; and</p> <p>3) Buy American Act uses a two-part test to define a domestic end product a) the article must be manufactured in the US; and 2) the cost of domestic component must exceed 50 percent of the cost of all the components.</p> <p>Buy American restrictions do not only directly reduce the opportunities for EU exports, but via content requirements also discourage US bidders from using European products or services.</p>	DG Trade Market Access Database	medium	constant	7	High
All	<p><b>Legal Liability Philosophy:</b></p> <p>Legal liability in the USA is an issue of concern not only to European companies but also to domestic US firms. Currently,</p>	American Chamber of Commerce	low	constant	8	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	businesses spend a lot of money in the US defending themselves against frivolous class action lawsuits. Investors urge the finalisation of tort reform and a moratorium on laws with extraterritorial effects.	in Germany				

#### 1.4.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
K .72.20 K .72.60 K .72.30 K .72.40	On December 22, 2000, the EU adopted the so-called <b>Brussels Regulation</b> which allows consumers to sue companies in the court of their country of residence, “when the website is directed to [his/her] Member State or to several countries, including that Member State.” Industry has complained that the practical effect of this regulation is that companies doing business on the Internet in the EU risk being sued in every EU Member State, as opposed to being subject to the jurisprudence of their country of origin.	USTR, 2008	medium	constant	4	Medium
K .72.30 - Data processing K .72.40 - Database activities	<b>The EU Data Protection Directive</b> (1995/46) allows the transmission of EU data to third countries only if those countries are deemed by the European Commission to provide an adequate level of protection by reason of their domestic law or of the international commitments they have entered into (Article 25(6)). US companies can only receive or transfer employee and customer information from the EU by using one of the exceptions	USTR, 2008 EC, 2008 <a href="http://www.eucollege.com/Pubs/TApercent20br">http://www.eucollege.com/Pubs/TApercent20br</a>	medium	Decreasing, work under way	2	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	to the Directive's adequacy requirements or by demonstrating they can provide adequate protection for the transferred data. These requirements can be burdensome for many US industries that rely on data exchange across the Atlantic.	ochur				
All	<b>Intellectual Property Rights:</b> The United States has raised certain concerns regarding the IPR practices of the EU and its Member States, both through the US Special 301 process and through WTO dispute settlement procedures. Especially software piracy has been creating problems for the information and computer service producers.	USTR, 2008  EC, 2008 <a href="http://www.euccommittee.be/Pubs/TApercent20brochurepercent20final.pdf">http://www.euccommittee.be/Pubs/TApercent20brochurepercent20final.pdf</a>	High	Decreasing (due to EU and US agreements) and EU Directive of 2004	1	Low
All	<b>European Patent Convention</b> Despite the fact that patent filing costs have decreased in the EU, patent filing and maintenance fees in the EU and its Member States remain significantly higher than in other countries. Fees associated with the filing, issuance, and maintenance of a patent over its life far exceed those in the United States. (e.g. procedures need to be brought in individual Member States)	European Commission	Medium to High	Decreasing with work on creating a Community patent and TRIPS	3	Low
All	<b>Takeover directive:</b> the Council of Ministers agreed in March 2004 on a directive on takeover bids (Takeover Directive). The final directive makes it optional for Member States and companies to maintain a regime that rules out defensive measures ((e.g., "poison pills" or multiple voting rights) against hostile takeovers.	USTR, 2008	low	Decreasing	5	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	<b>National company and labor legislation</b> in EU Member States that can differ of the EU wide regulations and vary among the Members	Expert	low	constant	6	Low



## 1.5 Insurance Services

### 1.5.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
J .66.00 - Insurance and pension funding, except compulsory social security	There are no US federal laws or federal regulatory agencies regulating insurance, except for a federal law regulating the pension operations of insurance companies. Rather, each state has its own insurance laws and insurance regulators.	EU MADB, Business Europe	Steep	Constant	Top	Low
	Colorado, Connecticut, Florida, Idaho, Illinois, Indiana, Minnesota, Nebraska, New York, Ohio, Oklahoma, Washington and Wisconsin do <b>not issue a licence</b> to foreign government owned or controlled insurance companies.	OECD	Steep	Increasing	Top	Low
	Alabama, Arkansas, Arizona, California, Connecticut, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, New Jersey, New Mexico, North Carolina, Oregon, Rhode Island, Virginia and Wisconsin have <b>reciprocity laws</b> enabling insurance Commissioners to retaliate against perceived unfair insurance trade rules in other countries.	OECD	Low	Constant	Low	Low
	US branches of non-US firms are required to maintain <b>surplus funds in excess of deposits.</b>	OECD	Low	Constant	Low	Low
J .66.01 - Life insurance	Non-US reinsurers are required to post 100 percent	EU MA DB,	Steep	Increasing	Top	Medium

	collateral for their US acceptances (i.e. their US reinsurance business). <b>The collateral requirement</b> is not technically justified and leads to important costs not only for European reinsurers, but also for the US insurance industry and their policyholders.	AMCHAM EU				
	Regulatory <b>capital requirements</b> and lack of convergence in regulation	TEC	Medium	Constant	Medium	Low
<b>J .66.03</b> - Non-life insurance	Non-US reinsurers are required to post 100 percent collateral for their US acceptances (i.e. their US reinsurance business). <b>The collateral requirement</b> is not technically justified and leads to important costs not only for European reinsurers, but also for the US insurance industry and their policyholders.	EU MA DB, AMCHAM EU	Steep	Increasing	Top	Low
	<b>Regulatory capital requirements</b> and lack of convergence in regulation	TEC	Medium	Constant	Medium	Low
<b>Horizontal</b>	The information reporting requirements of the <b>US Tax Code</b> as applied to certain foreign-owned corporations mean that domestic and foreign companies are treated differently. These rules apply to foreign branches and to any corporation that has at least one 25 percent foreign shareholder.	EU MADB	Medium	Constant	Medium	High



### 1.5.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
J .66.00 - Insurance and pension funding, except compulsory social security	EU banking, insurance and investment services directives currently include “ <b>reciprocal</b> ” <b>national treatment clauses</b> under which a financial services firm from a third country may be denied the right to establish a new business in the EU if the EU determines that the investor’s home country denies national treatment to EU service providers.	US TBR				Medium
	<p>The proposed EC legislation known as <b>Solvency II</b> causes problems for US-based insurers who write business in the EEA.</p> <ul style="list-style-type: none"> <li>Under the proposal their US-held capital and the diversification benefits of their US-business will not be eligible for the solvency calculations of their EEA operations as long as the US supervisory system is not recognised as ‘equivalent’ under Solvency II.</li> <li>Under the proposed legislation, a European group supervisor has the right to oblige these companies to set up an EEA-insurance holding company, to facilitate group-wide supervision of their EEA business. This could be very costly for business.</li> </ul>	AMCHAM EU, Business Europe	Steep	Increasing	Top	High
	<b>Data protection</b> should be administratively simplified so that notification in one EU country for data protection	UNICE	Medium	Constant	Medium	

	purposes should suffice and it should be made easier to use client data.					
<b>J .66.01</b> - Life insurance	Regulatory <b>capital requirements</b> and lack of convergence in regulation	TEC	Medium	Constant	Medium	Low
<b>J .66.03</b> - Non-life insurance	Regulatory <b>capital requirements</b> and lack of convergence in regulation	TEC	Medium	Constant	Medium	Low
<b>Horizontal</b>	Proposals to create a Committee on Foreign Investment in the United States or CFIUS-type review procedure to vet foreign proposals for mergers and acquisitions.	Business Europe	Steep	Increasing	Top	Medium
	Foreign participation in newly privatised companies may be limited to a variable amount, determined by the government on a case-by-case basis, of the equity offered to the public.	OECD	Steep	Increasing	Top	Medium

## 1.6 Communications Services

### 1.6.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
I .64.20 - Telecommunications	<b>Exon-Florio statute</b> ; US has imposed strict corporate governance requirements on companies seeking FCC approval of the foreign takeover of a US communications firm in the form of network security arrangements to mitigate alleged national security concerns.	MADB	Medium		3	Medium
	<b>Incompatibility of standards</b> ; the 3G attempt to harmonize the standards for mobile communications has failed.	Hamilton and Quinlan (2005)	Medium	<b>Decreasing</b> ; plans for 4G are already made.	1	High
	Federal Communications Commission regulation causes problems for EU satellite operators in serving the US market, especially with the <b>Initial Public Offerings</b> regulation. A license can be denied to a foreign operator in the presence of trade or foreign policy concerns, or a very high risk to competition. (Still in action, although formally abolished by the 2000 ORBIT Act).	MADB; Hamilton and Quinlan (2005)	Medium	<b>Decreasing</b> ; FCC regulation reforms are going in the right direction, however, IPO regulation is maintained in addition.	2	High
	The US regulatory framework remains unstable due to court proceedings, including at state level.	MADB	Low	Constant	4	Low
	<b>Digital Terrestrial Television</b> ; ATSC technology of the US is incompatible with the established	Hamilton and Quinlan (2005)	High	Constant	2	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	DVB-T standard adopted in the EU.					
	<p><b>Licenses:</b></p> <ul style="list-style-type: none"> <li>• <b>Communications Act;</b> FDI in US companies holding common carriers radio licenses is limited to 20 percent. This also applies to the broadcast sector.</li> <li>• Foreign-controlled enterprises may not hold broadcasting (radio and television), common carrier, aeronautical en route, or aeronautical fixed radio station licenses as provided for in 47 United States Code § 310, unless an authorisation is granted under 47 United States Code § 310(b)(4).</li> <li>• The <b>Federal Communications Commission</b> (FCC) is authorised to issue licenses to land or operate in the United States any submarine cable directly or indirectly connecting the United States with any foreign country. Under the Submarine Cable Landing Licence Act of 1921, the FCC may withhold or revoke licences if such action will assist, <i>inter alia</i>, in securing cable landing rights for US citizens in foreign countries.</li> </ul>	Hamilton and Quinlan (2005); OECD (2008), National Treatment for Foreign-Controlled Enterprises.	<b>Highly restrictive;</b> “US broadcasting market is hardly accessible to foreign media companies”.		2	Medium
	American commitments within the WTO framework on value-added services strongly	Hamilton and Quinlan (2005)	Medium		4	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	depend on the <b>domestic classification</b> of services as communication or information services. Such classifications may affect the ability of new players to enter the US market in the near future.					
	When radio frequency devices such as radio telecommunications products and computers are imported into the US, a declaration is required at the custom authorities stating how the equipment meets appropriate <b>FCC technical specifications</b> .	OECD (2002) Non-Tariff Measures in the ICT Sector: A survey.	Medium		4	High
	The mobile sector continues to have <b>investment restrictions</b> .	MADB	Medium		4	Medium

## 1.6.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>I .64.00 - Post and telecommunications</b>						
<b>I .64.10 - Post and courier activities</b>	National postal operators still have <b>a monopoly position</b> .	<a href="#">COM/2006/595 final</a> .	High	In 2009 all the EU Member States had to liberalize their	Important; 1	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
				postal markets.		
	In 2004, the EU adopted a revised <b>Utilities Directive</b> (2004/17), covering purchases in the water, transportation, energy, and postal services sectors. Member States were mandated to implement the new Utilities Directive by the end of January 2006, but some EU Member States still have not implemented it. This Directive requires open, objective bidding procedures, but discriminates against bids with less than 50 percent EU content that are not covered by an international or reciprocal bilateral agreement. The EU content requirement applies to U.S suppliers of goods and services in the postal services.	USTR Report 2008	High		2	High
	All outgoing cross-border mail is open to competition since 1 January 2003 (i.e. an additional estimated 3 percent market opening to competition), although exceptions will be possible where these are necessary to maintain the universal service - for example if revenue from cross-border mail is necessary to finance the domestic universal service - or where the national postal service in a given Member State has particular characteristics.	DIRECTIVE 2002/39/EC	Low		3	
<b>I.64.11</b> - National post	US express delivery service suppliers have in the	USTR Report	High	<b>Decreasing</b> ; trend	4	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
activities	past expressed concern that postal <b>monopolies</b> in many EU Member States restrict their market access and create unfair conditions of competition. On October 1, 2007, EU Transport Ministers approved a plan to liberalize postal services by 2011. Eleven Member States (Cyprus, Czech Republic, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Poland, Romania, and Slovakia) were permitted to delay opening of their postal markets until 2013, however. Member States opening their postal markets on time can delay market access by entities from late Member States until 2013.	2008		towards open post markets, but is postponed until 2013.		
I .64.20 - Telecommunications	Enforcement of existing legislation by <b>National Regulatory Authorities</b> towards a more open and competitive telecommunications market is delayed in Germany, Greece, Spain, Italy, Ireland, Austria, Finland, and Sweden, causing a high degree of regulatory uncertainty.	USTR Report 2008	Medium	<b>Decreasing</b> ; only delayed progress.	1	High
	One US trade association representing competitive telecommunications carriers has complained that there have been long delays in obtaining access to and use of unbundled DT network elements in Germany.	USTR Report 2008	Medium		3	
	Some US companies have complained that requirements on general tenders in Poland seem	USTR Report 2008	High		5	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	to be prewritten in favour of TPSA, making it difficult to compete in Poland.					
	<b>Digital Terrestrial Television</b> ; ATSC technology of the US is incompatible with the established DVB-T standard used in the EU.	Hamilton and Quinlan (2005)	High	Constant	2	High
	The German regulator Reg TP is setting mobile <b>termination charges</b> way above those of other calling-party-pays countries such as France and the UK.	Hamilton and Quinlan (2005)	Medium		6	
	<b>Electromagnetic Compatibility EMC</b> ; the EU also requires ICT products to have immunity (the ability to perform satisfactorily in the presence of electromagnetic disturbances), which is not mandatory in the US (no FCC regulation available). This is referred to as EMS (Electromagnetic Susceptibility).	OECD (2002) Non-Tariff Measures in the ICT Sector: A survey	Medium		4	
	The EMC requirements also hold for the telecommunications equipment, through the <b>R&amp;TTE Directive</b> .	OECD (2002) Non-Tariff Measures in the ICT Sector: A survey.	Medium		4	
<b>Horizontal</b>	It is only optional for Member States to restriction defensive measures to prevent hostile takeovers ( <b>Takeover Directive</b> ) and the Directive is not implemented in all Member States yet.	USTR Report 2008	Medium	<b>Decreasing</b> ; towards harmonization.		Medium



## 1.7 Construction Services

### 1.7.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
F.45.00	<p><b>The Buy America Act (BBA)</b> affects the access to the US procurement market mainly in two ways:</p> <p>(1) BBA <b>restricts or excludes foreign bids</b> through a series of provisions, according to originality of product or service, degree of foreign participation, preferential price terms to domestic suppliers, or even national interest and security reasons.</p> <p>(2) BBA provides <b>federal restrictions on the use of federal grant money by State and local government</b>. The most relevant case to the construction services sector is the partial funding of State and local projects by the Department of Transportation. Under several different Acts (i.e. Highway Administration Act, Urban Mass Transit and Airports Improvements Act), the DoP may fund up to 40 percent to 80 percent of the project, while the State or local government funds the remaining share. The purchase of services related to these projects must meet various BBA provisions, usually <b>domestic content requirements</b> of 60 percent and, failing that, a price penalty of up to 25 percent.</p>	<p>Market Access Database, DG Trade:</p> <ul style="list-style-type: none"> <li>▪ <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960059&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960059&amp;version=2</a></li> <li>▪ <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960058&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960058&amp;version=2</a></li> </ul>	<p>Typically, there is an additional 6 percent price penalty on the bid of a foreign firm for civilian projects, and an up to 50 percent penalty in the case of defense contracts. EC estimates that BBA affected about € 27 billion/\$ 35 billion of contracts in 2005.</p>	Increasing	1	Medium
F.45.00	<p><b>The lack of transparency related to sub-federal procurement opportunities</b> hinders foreign suppliers' access to relevant markets. US sub-federal procurement notices are published on</p>	<p>EC (2007), <i>The 2006 report on the US barriers to trade and Investment</i>.</p>	Medium	Constant	2	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	various sites. Consequently, there is a lack of information, more intense for foreign bidders, concerning sub-federal procurement opportunities.					
F.45.00	<b>The Small Business Act (SBA).</b> The SBE requires US executive agencies to place a fair proportion of their purchases with US small businesses. These “set-aside” schemes limit the bidding opportunities of EU contractors and cause additional exclusionary effects to foreign competitors.	Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960300&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960300&amp;version=2</a>	Medium	Increasing	3	
F.45.00	<b>Foreign Direct Investment and National Security Act (FINSAs).</b> FINSAs (former <i>Exon-Florio Amendment</i> ) is a horizontal provision of the Committee on Foreign Investment in the United States (CFIUS) which through a series of measures restrains foreign investment in (or ownership of) businesses relating to national security. The lack of a clear definition of “national security” has led to a very wide interpretation of the term by the Committee, and has expanded procurement and investment restrictions.	Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960064&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960064&amp;version=2</a>	Medium	Constant	4	High
F.45.30 F.45.20 F.45.40	There are a vast number of different <b>safety requirements concerning building construction or building installation.</b> More than 2,700 State and municipal authorities in the US require particular certifications for products installed within their jurisdictions. Significant state level impediments arise as these requirements are neither transparent, nor uniform or consistent with each other.	EC (2007), <i>The 2006 report on the US barriers to trade and Investment.</i>	Low	Constant	5	Low
F.45.00	Tax Code Reporting Requirements applied to foreign owned corporations	MAC	low	Constant		High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
F.45.00	<b>State-level requirements:</b> There are more than 2,700 State and municipal authorities in the US that require particular safety certifications for products sold or installed within their jurisdictions. These requirements are neither transparent, nor uniform or consistent with each other.	DG Trade Report on US Trade Barriers	low	constant		Low
F.45.00	<b>Legal Liability Philosophy:</b> Legal liability in the USA is an issue of concern not only to European companies but also to domestic US firms. Currently, businesses spend a lot of money in the US defending themselves against frivolous class action lawsuits. Investors urge the finalisation of tort reform and a moratorium on laws with extraterritorial effects.	American Chamber of Commerce in Germany	low	constant		Low

## 1.7.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
F.45.00	A large number of <b>EU State or local public procurement processes</b> are considered to be not fully transparent The US firms question these processes and report that the procurement authorities seem to favour EU firms, even when bids from US firms appear technically superior or lower in price.	USTR, (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i>	High	Constant	1	Medium
F.45.00	<b>Bureaucracy and the length of certain national public procurement processes</b> impose impediments to foreign bidders. In some cases, US firms cannot bid on procurement tenders	USTR, (2008), <i>The 2007 National Trade Estimate Report on</i>	Medium	Decreasing	2	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	because there are no competent authorities in the US that issue the required documentation (the case of Greece). Even when awarded a contract, foreign companies have experienced significant delays in finalizing the contract and commencing work (the case of Ireland), though this could affect domestic companies as well.	<i>Foreign Trade Barriers</i>				
F.45.00	<b>The diversing national or local practices regarding government procurement</b> impose a number of difficulties to foreign bidders despite the EU wide regulations governing the sector.	USTR, (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i>	Low	Constant	3	Medium
F.45.00	<b>Cypriot legislation (Registration and Control of Contractors Laws of 2001 and 2004) forbids non EU natural persons or legal entities to own a majority stake in a local construction company</b> and allows them to bid on specific construction projects only after obtaining a special license from the Council of Ministers.	USTR, (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i>	Low	Constant	4	Medium
All	<b>European Patent Convention</b> Considered to result in higher costs than for US patents (e.g. procedures need to be brought in individual Member States)	European Commission	low	Decreasing with work on creating a Community patent and TRIPS	5	Low
All (cross-sectoral)	<b>Restriction on public procurement contracts for companies organised under EC legislation in Belgium.</b> Contracts for public works when 25 per cent or more is financed or subsidised by the state or another public authority can only be awarded to	OECD, national treatment report	Medium	Constant		Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>the following: (1) private persons, who must be of Belgian nationality or from another EC Member state, and must be established within the EC; (2) companies, which must be organised in conformity with Belgian legislation or that of another EC Member state, and must either have their central administration or principal establishment within the EC or must have their headquarters within the Community, on the condition that their activity has an effective link with the economy of an EC Member state.</p>					



## 1.8 Other Business Services

### 1.8.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
<b>K .74.20 -</b> Architectural and engineering activities and related technical consultancy	Exclusive rights to the engineering profession to exercise certain activities.	Nguyen-Hong, 2000	High		High	Low
	Restricted investment by non-professional investors.	Nguyen-Hong, 2000	Medium			
	In-state residency requirement.	EC requests to the USA, 2003	Medium			Low
	Lack of mutual recognition of qualifications.	USTR, 2008; US-EU summit economic progress report, 2007	Low	Decreasing		Medium
	Restricted investment by non-professional investors.	Nguyen-Hong, 2000	High		High	
<b>K .74.12 -</b> Accounting, book-keeping and auditing activities;	Residency requirement	Nguyen-Hong, 2000); EC requests to the USA, 2003	High		High	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
tax consultancy						
	In state office must be maintained.	TN/S/O/USA Rev1, 2005	Medium			Low
	Restricted investment by non-professional investors.	Nguyen-Hong, 2000	High		High	
	US citizenship requirements.	EC requests to the USA, 2003	Very low		Low	Low
<b>K .74.11</b> - Legal activities	In state office maintenance.	TN/S/O/USA Rev1, 2005	Low		Low	Low
	In-state or US residence requirement.	TN/S/O/USA Rev1, 2005	Medium			Low
	Commercial presence limited to partnership.	TN/S/O/USA Rev1, 2005	Medium			
	US residency required to practice before the US patent and trademark office.	TN/S/O/USA Rev1, 2005	High			Low
	Practice of host-country law not permitted or subject to permission.	TN/S/O/USA Rev1, 2005	High		High	Medium
	Restriction to establishment.	Nguyen-Hong, 2000	High		High	Low
<b>K</b> - Real estate, renting and business activities	Nationality conditions and in-State residence requirements.	European Commission, 2004		Decreasing		Low
	Lack of transparency in -and divergence of- access conditions at State level	European Commission, 2004	Low		Medium	Low



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
	Frequent absence of a transparent regulatory regime for the operation of foreign professional service suppliers	European Commission, 2004	Medium			Medium
	Application of Buy America and positive discrimination provisions.	European Commission, 2004	Medium		Medium	Medium
	Visa non-reciprocity regime / Obtaining work permits	European Commission, 2007	High	Decreasing	High	High
	Mutual recognition of accounting standards.	European Commission, 2007	Medium	Decreasing (significantly)	High	High
	Restrictive registration in US capital markets.	European Commission, 2007	Medium	Decreasing		
<b>Horizontal</b>	Requirement to obtain local registration	European Commission, 2001	Medium			Low
	Requirement to have a specific legal form	European Commission, 2001	High		High	Low
	Requirement to meet specific financial criteria	European Commission, 2001	Medium			
	Need to be represented by a local agent	European	Medium			Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
		Commission, 2001				
	Lack of mutual recognition of professional qualifications	European Commission, 2001	Low	Decreasing		
	Restrictive local employment regulation	European Commission, 2001	Low	Decreasing		
	Need for local presence to provide after-care services	European Commission, 2001	High	Decreasing		Low
	Lowy in supplying services because of distance factors	European Commission, 2001	High	Decreasing		
	Discriminatory tax on cross-border services	European Commission, 2001	Low			
	Inability to practice without license from professional body	European Commission, 2001	High	Decreasing		
	Stringent regulations on minimum capital requirements	European Commission, 2001	Low			
	Stringent regulations on brand operations	European Commission,	Low			

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
		2001				
	Excessive costs for setting up a local operation	European Commission, 2001	Very high	Increasing	High	
	Administrative / Legal regulations on setting up locally	European Commission, 2001	Medium	Decreasing		
	Lack of mutual recognition of professional qualifications	European Commission, 2001	Medium			
	Restrictive local employment regulations	European Commission, 2001	Medium			
	Restricted access to finance for foreign-owned firms	European Commission, 2001	Low			
	Inadequate infrastructure	European Commission, 2001	Low	Decreasing		
	Lack of necessary skills / Costly training of workers	European Commission, 2001	Very high	Increasing	High	
	Differences in local traditions	European Commission, 2001	High		High	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
	Differences in commercial practices	European Commission, 2001	Low			Low
	Need to work in local language	European Commission, 2001	Very high		High	Low
	Planning and zoning restrictions	European Commission, 2001	Low			
	Need for local track record	European Commission, 2001	High		High	
	Subsidized local suppliers	European Commission, 2001	High			
	Unacceptable delays in payments	European Commission, 2001	Medium			
	Complexity of foreign legal systems	European Commission, 2001	High	Constant	High	
	Lack of harmonization in corporate taxation	European Commission, 2001	Medium	Increasing		
	Restrictions on cross-border marketing	European	Low			

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
		Commission, 2001				
	Poor protection of intellectual property	European Commission, 2001	Low			
	Absence of transparency in regulations	European Commission, 2001	Medium			
	Absence of transparency in implementation	European Commission, 2001	Medium			
	Imposition of national standards, testing rules	European Commission, 2001	High	Decreasing		Low
	Lowy in obtaining information on tenders	European Commission, 2001	High	Decreasing	High	
	Exemption clauses in public procurement	European Commission, 2001	Medium			
	High administrative costs of bidding	European Commission, 2001	High		High	
	Restrictions on establishing multidisciplinary activities / practices	European Commission,	Medium	Constant		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritization NTMs (rank)	Actionability
		2001				

### 1.8.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>K .74.00 -</b> Other business activities	<b>Establishment:</b>	Copenhagen Economics, 2005; Nguyen-Hong, 2000	Medium-High			
	- Monopolies and other quantitative restrictions			Decreasing		Medium
	- Restrictions to foreign partnership			Decreasing		
	- Nationality or residence requirements					
	- Authorization and registration procedures			Decreasing		High
	- Restrictions on multi-disciplinary activities					Medium
	- Other establishing restrictions on multi-disciplinary activities					Medium
	- Legal form			Decreasing		Low
	- Professional qualifications			Decreasing		High
	- Conditions on the exercise of service activities			Decreasing		Low
	- Restrictions to investments			Decreasing		
	- State Control			Decreasing		Medium
	<b>Use of inputs:</b>	Copenhagen Economics,	Medium - High			

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		2005; Nguyen-Hong, 2000				
	- Deployment of Staff					
	- Use of Foreign Temporary Workers					
	- Disparities between national regulations					
	- Cross-border use of business services restrictions			Decreasing		
	- Cross-border use of equipment and material restrictions			Decreasing		
	<b>Promotion:</b>	Copenhagen Economics, 2005; Nguyen-Hong, 2000	Low			High
	- Authorization, registration and declaration procedures			Decreasing		Medium
	- Restrictions on commercial communication			Decreasing		
	- Content of commercial communication					
	- Forms of commercial communication restrictions					
	- Non-commercial communication					
	<b>Distribution:</b>	Copenhagen Economics, 2005	Medium-Low			
	- Monopolies and other quantitative restrictions			Decreasing		Medium
	- Nationality or residence requirements					
	- Authorization and registration procedures					High
	- Internal structure and legal form					Low
	- Professional requirements					High
	- Imposition of conditions on the exercise of an activity					
	- Transport and postal services					

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	- Restrictions on the receipt of services					
	<b>Sales of services:</b>	Copenhagen Economics, 2005	Low			
	- Formation and content of contracts					
	- Price Settings					
	- Taxation					
	- Reimbursement, support or aid to the service recipient					
	- Public contracts and concessions					High
	<b>After sales aspects of services:</b>	Copenhagen Economics, 2005	Very low			
	- Liability, professional-indemnity					
	- Debt collection					
	- After sales services					
	- Legal redress					
	<b>Non-legal barriers:</b>	Copenhagen Economics, 2005	Medium			
	- Lack of regulatory information			Decreasing		
	- Lack of awareness of the internal market					
	- Different Regulatory environments					
	- Market conditions					
	Limits to investments by non-European investors	OECD report on exceptions to national treatment, 2008	Medium			
<b>K .74.11 -</b>	Limits to investments by non-European investors	OECD report on	High		High	



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Legal activities		exceptions to national treatment, 2008				
	Citizenship, residency requirements	USTR, 2008				
	Equivalency exams to exercise the profession	USTR, 2008	Medium			
	Barriers to practice the EU law	USTR, 2008	Medium-High		High	
	Restrictions on commercial presence	USTR, 2008	Medium-High		High	
	Barriers to join the national bar association	USTR, 2008	Medium			
<b>K .74.12 -</b> Accounting, book-keeping and auditing activities; tax consultancy	Limits to investments by non-European investors	OECD report on exceptions to national treatment, 2008	Medium			
	Restriction on the use of personnel in audit	USTR, 2008	Low			Low
<b>K .74.20 -</b> Architectural and engineering activities and related technical consultancy	Limits to investments by non-European investors	OECD report on exceptions to national treatment, 2008	Low			
	Citizenship requirements to obtain a license	USTR, 2008	Low			
	Lack of mutual recognition of qualifications	USTR, 2008;	Low	Decreasing		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		US-EU summit economic progress report, 2007				

## 1.9 Personal, Cultural and Recreational Services

### 1.9.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>O .92.00</b> - Recreational, cultural and sporting activities	Section 337 of the <b>Tariff Act</b> of 1930 provides remedies for holders of US intellectual property rights by keeping the imported goods which are infringing such rights out of the US ("exclusion order") or to have them removed from the US market once they have come into the country ("cease and desist order"). These procedures are carried out by the US International Trade Commission (ITC) and are not available against domestic products infringing US patents.	Market Access Database (4)	Medium	Constant	Medium	Low
<b>O .92.20</b> - Radio and television activities	In 1996, the Federal Communications Commission (FCC) mandated an <b>exclusive transmission standard</b> for digital terrestrial television in the US, known as ATSC. This decision has prevented the technology (DVB-T), developed in Europe and being adopted in several countries around the world, from entering the US market.	Market Access Database (3)	Medium	Decreasing	Low	Medium
	Section 310 of the 1934 <b>Communications Act</b> establishes restrictions to foreign investment in US companies holding a broadcast or common carrier radio license (the latter include also aeronautical en route or aeronautical fixed radio station). Such licenses shall not be granted to, or held by, foreign governments or their representatives, aliens, foreign corporations, or corporations of which more than 20 percent of the capital stock is owned or voted by a foreign entity. Foreign indirect investment is	Market Access Database (4)	High	Decreasing	Low	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	limited to 25 percent subject to a public interest waiver.					
<b>O .92.10</b> - Motion picture and video activities.	The US has not yet brought its <b>Copyright Act</b> into compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs).	United States Barriers to Trade and Investment Report for 2007  European Commission, April 2008	Medium	Constant	Medium	Low
	European industry complains that producers and performers do not enjoy <b>broadcasting rights or public performance rights</b> in the US The US has not joined the Rome Convention of 1961, which recognises these rights, and it has taken an exception under the World Intellectual Property Organisation (WIPO) Performances and Phonograms Treaty (WTTP) of 1996, actively excluding them. Furthermore, although the US has acceded to the Berne Convention in 1989, which contains an obligation to make moral rights available for authors, these rights are recognised only to a very limited extent in US legislation.	Market Access Database (4)	High	Constant	High	Low
	EU businesses face difficulties in obtaining clear information on the procedures for seeking <b>Customs IPR protection</b> in the US	Framework for Advancing Trans-	High	Constant	Medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		atlantic Economic Integration between US and EU: Progress Report				
<b>O .92.31-</b> Artistic and literary creation and interpretation	The US has not yet brought its <b>Copyright Act</b> into compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs).	United States Barriers to Trade and Investment Report for 2007  European Commission, April 2008	Medium	Constant	Medium	Low
	European industry complains that producers and performers do not enjoy <b>broadcasting rights or public performance rights</b> in the US The US has not joined the Rome Convention of 1961, which recognises these rights, and it has taken an exception under the World Intellectual Property Organisation (WIPO) Performances and Phonograms Treaty (WTTP) of 1996, actively	Market Access Database (4)	High	Constant	High	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	excluding them. Furthermore, although the US has acceded to the Berne Convention in 1989, which contains an obligation to make moral rights available for authors, these rights are recognised only to a very limited extent in US legislation.					
	EU businesses face difficulties in obtaining clear information on the procedures for seeking <b>Customs IPR protection</b> in the US	Framework for Advancing Trans-atlantic Economic Integration between US and EU: Progress Report	High	Constant	Medium	Low
<b>O .92.71</b> - Gambling and betting activities	Foreign companies are prevented from offering <b>Internet gambling services</b> in the US. The US authorities are investigating EU companies for services that they have offered in the past in the US. EU companies that had been active in the US have left the market, but this has not stopped the US Department of Justice (DOJ) from continuing to act against EU companies. In addition, EU companies argue that the DOJ has not been targeting US companies that were offering equivalent services.	Trade Barriers Regulation (TBR) framework, Brussels, March 2008.	Medium	Constant	Medium	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>Horizontal</b>	<b>Intellectual property rights / patent law</b> E.g. there is no EU wide patent (yet); patents have to be applied for / registered with national patent agencies	COM (2007) 165 final	High, this is a barrier to invest.	Decreasing; EU wide patent under Lisbon Strategy	Medium	Low

## 1.9.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>O .92.00</b> - Recreational, cultural and sporting activities	The 1989 <b>EU Broadcast Directive</b> (also known as the Television without Frontiers Directive) includes a provision requiring that a majority of television transmission time be reserved for European-origin programs “where practicable and by appropriate means.”	NTE report on foreign trade barriers 2008	Medium	Increasing	Medium	Medium
<b>O .92.10</b> - Motion picture and video activities.	US businesses face difficulties in obtaining clear information on the procedures for seeking <b>Customs IPR protection</b> in the EU.	Framework for Advancing Transatlantic Economic Integration between US and EU:	High	Constant	Medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		Progress Report				
	AVMS Directive 2007/65/EC amending Television without Frontiers Directive and renaming it "Audiovisual Media Services Directive" (AVMSD). AVMSD entered into force on 19 December 2007 although Member States have two years to transpose the new provisions into national law. AVMS covers all audiovisual media services (including on-demand audiovisual media services), provides less detailed and more flexible regulation and modernises rules on TV advertising to better finance audiovisual content.	DG Trade		Decreasing		
<b>O .92.31-</b> Artistic and literary creation and interpretation.	US businesses face difficulties in obtaining clear information on the procedures for seeking <b>Customs IPR protection</b> in the EU.	Framework for Advancing Transatlantic Economic Integration US and EU progress Report	High	Constant	Medium	Low



## 1.10 Chemicals

### 1.10.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.00</b> - Manufacture of chemicals and chemical products	Classification and labeling requirements for chemical substances	Expert	Low	Decreasing	3	High
	Transport labeling requirements for hazardous substances	Expert	Very low	Decreasing	3	High
	Restrictions or restrictions 11 on use of specific chemicals	Expert	?	?	2	High
<b>DG.24.10</b> - Manufacture of basic chemicals	Import restrictions on petroleum, petroleum products and gas	USITC	?	?	Unknown at present	
	Restrictions or restrictions on use of specific chemicals	Expert	?	?	2	High
<b>DG.24.20</b> - Manufacture of pesticides and other agro-chemical products	Pesticide licensing requirements	Expert	?	?	Unknown at present	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.66</b> - Manufacture of other chemical products n.e.c.	Food safety legislation – packaging in contact with food	Expert	Low	Stable	Unknown at present	High

### 1.10.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.00</b> - Manufacture of chemicals and chemical products	Substances placed on Annex 1 – esp. carcinogens are restricted from use in consumer products	Expert / Dangerous Substances Directive (67/548/EEC )	Medium	Directive will be replaced with Regulations on GHS and REACH	3	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>European Parliament and Council Directive 2004/10/EC on the harmonisation of laws, regulations and administrative provisions relating to the application of the principles of good laboratory practice and the verification of their applications for tests on chemical substances &amp; European Parliament and Council Directive 2004/9/EC on the inspection and verification of good laboratory practice (GLP) (codified version):</b></p> <p>Common principles for GLP facilitate the exchange of information and prevent the emergence of non-tariff measures to trade, while contributing to the protection of human health and the environment</p>	Expert	Medium	Decreasing	3	High
	Substances placed on Annex 1 – Labelling requirements may differ to those in the US	Expert / Dangerous Substances Directive (67/548/EEC )	Medium	Directives will be replaced with Regulations on GHS and REACH	3	Low
	<p><b>Ecological-labeling:</b></p> <p>Ecological-labeling initiatives by the EU and some of its Member States raise concerns that US (and other) exporters may be disadvantaged to the extent that the standards used for labels reflect subjective criteria or are developed without meaningful and</p>	Office of the United States Trade Representative	Medium	?	4	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>thorough consultation with foreign suppliers.</p> <p>CEFIC also notes that (voluntary) eco-labels may pose barriers to trade because:</p> <ul style="list-style-type: none"> <li>• it is often more costly and burdensome for foreign producers to obtain an eco-label than for domestic ones;</li> <li>• foreign and domestic firms may have unequal access to information; and</li> <li>• eco-labels tend to have a domestic bias as they rely on domestic production standards, conditions and environmental priorities</li> </ul>	Cefic <sup>1</sup>				
	Restrictions on the use of dangerous substances (several amendments and adaptations to technical progress)	Expert / Marketing and Use Directive (76/769/EEC)	Medium	Steady - Will be incorporated into REACH	1	Medium
	Council Regulation (EC) No 1184/2007 on imports of peroxosulphates (persulphates)	EUR-Lex	Low	?	Unknown at present	Medium
	Council Regulation (EC) No 1583/2006 on imports of ethanolamines	EUR-Lex	Low	?	Unknown at present	Medium
	Council Regulation (EC) No 1631/2005 of 3 October 2005 on imports of trichloroisocyanuric acid	EUR-Lex	Low	?	Unknown at present	Medium

<sup>1</sup> <http://www.cefic.be/Files/Publications/eco-labelling.pdf>

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	COMMISSION REGULATION (EC) No 158/2003 amending Regulation (EC) No 1662/2002 on imports of certain filament yarns of cellulose acetate	EUR-Lex	Low	?	Unknown at present	Medium
<b>DG.24.00</b> <b>except</b> <b>DG.24.16</b> - Manufacture of plastics in primary forms and <b>DG.24.20</b> - Manufacture of pesticides and other agro-chemical products.	<b>Regulation 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)</b> <ul style="list-style-type: none"> <li><b>Precautionary principle:</b> The EU's growing use of the "precautionary principle" in the absence of a scientific justification for doing so, is viewed by US exporters as restricting or prohibiting trade in certain products.</li> <li>Risk assessment requirements differ from those applied in US.</li> </ul>	Expert  Office of the United States Trade Representative, <sup>2</sup>  2008 NTE Report, <sup>3</sup>  REACH <sup>4</sup>	Medium to high	Increasing as implementation is staggered over time	1	Medium
	<b>REACH:</b> <b>Candidate list:</b>  The US is concerned that the "candidate list" of substances of very high concern could be used as a "black list" which could negatively affect US companies' interests.	Expert  Office of the United States Trade	Medium		1	Medium

<sup>2</sup> [http://www.ustr.gov/assets/Document\\_Library/Reports\\_Publications/2008/2008\\_NTE\\_Report/asset\\_upload\\_file991\\_14650.pdf](http://www.ustr.gov/assets/Document_Library/Reports_Publications/2008/2008_NTE_Report/asset_upload_file991_14650.pdf), Office of the United States Trade Representative 2008 National Trade Estimate Report on Foreign Trade Barriers

<sup>3</sup> Idem

<sup>4</sup> [http://www.cefic.biz/Files/Publications/Trade\\_Impact\\_of\\_REACH.pdf](http://www.cefic.biz/Files/Publications/Trade_Impact_of_REACH.pdf)

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>Monomers and CBI:</b> US authorities argue that REACH also requires registration of monomers used abroad to create imported polymers, despite the fact that the monomers no longer exist in the imported product and even though the polymers themselves are exempt from registration. Besides the unnecessary costs of collecting information on substances that do not create any risk of exposure in the EU, the US industry is concerned that the provision may also force these polymer importers to disclose confidential business information (CBI).</p> <p><b>Cost for importers:</b> It has been claimed, that EU producers of chemical substances and their foreign competitors will face the same burden in respect of sales on the EU-market, even though for foreign manufacturers it is only the quantity produced for export to the EU that counts. At the same time, it should be noted that REACH registration requirements apply according to volume: the requirements are lower for small quantities.</p>	<p>Representative</p> <p>AMCHAM EU - CEFIC – FECC</p>				
<p><b>DG. 24.10 -</b> Manufacture of basic chemicals</p>	<p><b>Solvents Emissions Directive (1999/13/EC):</b> Restrictions on VOC emissions is the driver for reductions in VOC content of products used in specific industrial applications</p>	Expert	?	Increasing	4	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DG.24.11 - Manufacture of industrial gases	<p><b>Regulation (EC) No 842/2006 on Emissions of Fluorinated Greenhouse Gases covered by the Kyoto Protocol &amp; Directive 2006/40/EC on Emissions from Air-conditioning Systems in Motor Vehicles:</b></p> <p>According to the US authorities, the first measure (the “stationary” regulation) will impact US manufacturers of stationary air conditioning and refrigeration equipment and the companies that produce the chemicals used in them. The second will affect US car and parts manufacturers by phasing-out HFC134a in vehicle air conditioning beginning in 2011 with a complete restriction by 2017. The Regulation allows Member States to maintain or introduce stricter protective measures in order to reach Kyoto targets by December 21, 2012 and some Member States (Austria, Denmark, Finland) have reportedly national legislation in place</p>	Office of the United States Trade Representative	Medium	Increasing	4	
DG.24.14 <sup>5</sup>	<p><b>POPs Regulation 850/2004:</b></p> <p>Restrictions on the manufacture marketing and use of selected persistent organic pollutants.</p>	Expert	?	?	4	Low
DG.24.15 - Manufacture of fertilizers and nitrogen compounds	<p><b>Regulation (EC) No 2003/2003 relating to Fertilisers (as amended):</b></p> <p>Rules for testing of fertilisers</p>	Expert	?	?	Unknown at present	High

<sup>5</sup> Other basic organic chemicals

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>Regulation (EC) No 2003/2003 relating to Fertilisers (as amended):</b></p> <ul style="list-style-type: none"> <li>Rules for placing on the market</li> <li>The regulation sets out provisions for the harmonisation of labelling and packaging in the Community. Rules for awarding the “EC Fertiliser” label.</li> </ul>	Expert	?	?	Unknown at present	Medium
<p><b>DG.24.20 -</b> Manufacture of pesticides and other agro-chemical products.</p>	<ul style="list-style-type: none"> <li>Registration requirements</li> <li>Labelling requirements</li> <li>Restrictions on active substances (and removal of relevant preparations from the market)</li> <li>Testing requirements/Risk assessment</li> </ul>	Expert / Plant Protection Products Directive 91/414/EEC	Low	Increasing	Unknown at present	Medium
	<ul style="list-style-type: none"> <li>Registration requirements; only biocidal products that have been authorized in a Member State, and contain active substances, included in Annexes 1, 1A or 1B of the Directive may be placed on the market</li> <li>Restrictions on active substances (only biocidal products containing active substances included in Annex 1, 1A or 1B of the BPD can be placed on the EU market)</li> <li>Testing requirements/Risk assessment</li> </ul>	Expert / Biocidal Products Directive (98/8/EC)	Low to Medium	Increasing, as implementation is staggered over time	Unknown at present	
	<p><b>Regulation (EC) No 396/2005 on pesticide residues:</b> Limits on pesticide residues in foodstuff</p>	Expert	?	?	Unknown at present	
	<p><b>Solvents Emissions Directive (1999/13/EC):</b> Restrictions on VOC emissions is the driver for reductions in VOC content of products used in specific industrial applications</p>	Expert	?	Increasing	4	



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<b>Data exclusivity:</b> In some of the new Member States in particular, there is a need to improve protection for undisclosed data submitted to obtain marketing approval for agricultural chemical products.	Office of the United States Trade Representative	Low	? Decreasing Article 39.3 of the TRIPS Agreement requires such protection.	3	Low
<b>DG .24.40 -</b>	<b>Solvents Emissions Directive (1999/13/EC):</b> Restrictions on VOC emissions is the driver for reductions in VOC content of products used in specific industrial applications	Expert	?	Increasing	4	
	<b>Drug precursor legislation and controls on export of listed substances (Regulation (EC) No 273/2004, Regulation (EC) No 111/2005, Regulation (EC) No 1277/2005)</b>	Expert	Very low	Stable	4	
<b>DG.24.51</b>	<b>Detergents Regulation (EC) No 648/2004 (as amended):</b> Testing requirements on surfactants	Expert	Expected to be low	Stable	Unknown at present	Medium
	<b>Detergents Regulation (EC) No 648/2004 (as amended):</b> Labeling and consumer product information requirements, as well as packaging requirements for certain classifications of products	Expert	Low to Medium	Stable	Unknown at present	Medium
	<b>Detergents Regulation (EC) No 648/2004 (as amended):</b> Restrictions on the use of certain surfactants unless granted a derogation	Expert	Low	?	Unknown at present	Medium
<b>DG.24.62 -</b> Manufacture of glues and gelatines	<b>Solvents Emissions Directive (1999/13/EC):</b> Restrictions on VOC emissions is the driver for reductions in VOC content of products used in specific industrial applications	Expert	?	Increasing	4	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.66-</b> Manufacture of other chemical products n.e.c.	<b>Regulation 1935/2004 on Food Contact Materials:</b> <ul style="list-style-type: none"> <li>• Testing requirements</li> <li>• Authorisation procedures for food contact materials</li> </ul>	Expert	Low	Decreasing as regulations tend to merge  Increasing	4	
	<b>Restrictions on Uranium Imports:</b> Since 1992, the EU has maintained strict quantitative restrictions on imports of enriched uranium to protect its domestic producers (Corfu Declaration). The Corfu Declaration appears to impose explicit quotas on imports of enriched uranium, limiting imports to only about 20 percent of the European market.	Office of the United States Trade Representative	Medium	Stable	4	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Horizontal	<p><b>Restriction of Hazardous Substances (RoHS) Directive (2002/95/EC):</b> Restrictions on the use of certain materials, including certain chemicals. US companies claim that the new rules create barriers to trade since:</p> <ul style="list-style-type: none"> <li>• there is a lack of clear, and legally binding guidance on scope;</li> <li>• in cases where technically viable alternatives do not exist, businesses face a lengthy, uncertain, and non-transparent exemption process;</li> <li>• companies must make practical design, production, and commercial decisions without adequate information; and</li> <li>• enforcement of RoHS will be managed at the Member State level – not harmonized (e.g. a product may be deemed compliant in one country and noncompliant in another)</li> </ul>	Office of the United States Trade Representative	Medium	Increasing	2	Medium
	<p><b>Eco-Labeling:</b> Restrictions on substances allowed in products to fulfill labeling criteria</p>	Expert	Low	Increasing?	4	Medium
	<p><b>Transport labeling requirements for hazardous substances</b></p>	Expert	Very low	Decreasing	3	Medium
	<p><b>Prior Informed Consent Regulation 304/2003 (Rotterdam Convention):</b> Convention signed by the US in 1998 but still not ratified</p>	Expert	?	?	Unknown at present	
	<p><b>Council Decision 93/98/EEC on the control of transboundary movements of hazardous wastes and their disposal (Basel Convention):</b> Convention signed by the US in 1990 but still not ratified</p>	Expert	?	?	Unknown at present	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<b>Regulation (EC) No 384/96 on protection against dumped imports from countries not members of the European Community</b>	EUR-Lex	Medium	?	1	
	<p><b>Intellectual Property Rights:</b> US Patents are considered broader than EU ones</p> <p>Under Section 337, the US can investigate whether imported goods infringe US intellectual property rights and can exclude them from entry into the US. In 1989, a GATT panel found that important aspects of Section 337 violated national treatment obligations. Section 337 was partially amended in 1994. EC considers that the procedures and remedies under Section 337 are still substantially different from internal procedures concerning domestic goods and discriminate against European industries and goods.</p> <p>The revision of the European Patent Convention, launched recently, should provide an opportunity to assess the need to change certain articles, so as to fully reflect existing Community law and the relevant provisions of the international agreements signed by the Community and its Member States. The Directive on the legal protection of biotechnological inventions and the TRIPS Agreement respectively form part of these two groups. For example, it is necessary to bring the provisions of the European Patent Convention relating to the priority right into line with the requirements arising from the TRIPS agreement. The Commission welcomes and supports the initiative taken by the</p>	<p>USITC</p> <p>DG Trade WTO Disputes database</p> <p>European Commission</p>	?	Decreasing (due to EU and US agreements) and EU Directive of 2004 plus US Patent Reform Act 2005	2	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	French government to hold an Intergovernmental Conference on the reform of the European patent in spring 1999. In view of its competence in this field, the Commission is ready to contribute to the success of this important initiative.					
	<b>European Patent Convention</b> Considered to result in higher costs than for US patents (e.g. procedures need to be brought in individual Member States)	European Commission	Medium to High	Decreasing with work on creating a Community patent and TRIPS	Unknown at present	Low
<b>Not aimed at chemicals (although may affect indirectly)</b>	<b>Water Framework Directive (2000/60/EC):</b> Priority Substances Daughter Directive (potential impacts on uses of PS and PHS)	Expert	?	Increasing	4	High



## 1.11 Pharmaceuticals

### 1.11.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.40</b> - Manufacture of pharmaceuticals, medicinal chemicals and botanical products	According to DG Trade, in the US, products are increasingly being required to conform to multiple <b>technical regulations</b> regarding consumer protection (including health and safety) and environmental protection, the complexity of US regulatory systems can represent an important structural impediment to market access as in the case of pharmaceutical approval.	DG Trade Report on US Trade Barriers	Medium to High	?	2	Medium
	<p>Drugs in the United States should be <b>labelled</b> according to the Food, Drugs and Cosmetics Act.</p> <p>The labelling procedures significantly differ for prescription drugs and over-counter drugs.</p> <p>All <b>prescription drugs</b> imported for the first time in the United States should undergo through the “New Drug Approval Process”. The approval process includes a verification of the product labelling. For the innovated products, the procedure lasts several years, because all the laboratory tests must be performed. For the <b>generic drugs</b>, an abbreviated new drugs approval procedure is applied. The producer should strictly respect the US labelling requirements.</p> <p><b>Over-the-counter drugs</b> do not need preliminary approval by the FDA. They can be imported in the United States if they respect the US labelling requirements. The EU exporter and the US</p>	DG Trade Market Access Database	Medium to Low		3	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>importer should pay attention to the existing difference between European and US legislation on the distinction between drugs and cosmetics. In the US all the cosmetics containing claims are considered as drugs.</p> <p><b>Shipping containers labels</b> do not need advance approval, but they are checked by the FSIS during re-inspection at the port of entry.</p> <p><b>Overall:</b> The difference in drug labelling in the US and the EU.</p>		Low	Increasing		
	<p><b>Drug precursor legislation and controls on import of listed substances and certain narcotics:</b></p> <p>The "Combat Methamphetamine Epidemic Act of 2005" requires the importer to provide information on distribution including sales along the supply chain and allow the Attorney General to prohibit the importation of the concerned precursor chemicals in the case of refusal to fully co-operate with the Attorney General. The State Department is responsible for implementing these provisions and determines the world's largest exporters and importers who will then be subject to certification. EU Member States are likely to be on that list. The deadline for this new law will be March 2008.</p>	<p>Expert</p> <p>DG Trade Report on US Trade Barriers</p> <p>DG Trade Market Access Database</p>	Medium	?	Unknown at present	Medium
	<p><b>IPR Infringement Cases (Section 337 of 1930 Tariff Act):</b></p> <p>Section 337 of the Tariff Act of 1930 provides remedies for holders of US intellectual property rights by keeping the imported goods which are infringing such rights out of the US ("exclusion order") or to have them removed from the US market once they</p>	<p>DG Trade Market Access Database (4)</p>	Medium	Stable	Unknown at present	Low



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	have come into the country ("cease and desist order"). These procedures are carried out by the US International Trade Commission (ITC) and are not available against domestic products infringing US patents.					
	<p><b>Pharmaceutical and Herbal Products (FDA Approval):</b> The Food and Drug Administration (FDA) must approve a new medicinal product before it can be commercialised. However, the delays for non-US new medicinal products are longer than for US developed medicinal products.</p> <p>By means of an over-the-counter procedure, approved active substances for many medicinal products are put on a list (over-the-counter-Monograph) by the FDA, so that different final products derived from these active substances can be marketed without any application or delay, as long as the active substance has a US market history. This restricts market access for over-the-counter products with lengthy marketing experience in countries with equally sophisticated medicines regulatory systems and particularly hampers access for plant-based (herbal) medicinal products with a long tradition in Europe.</p>	DG Trade Market Access Database (5)	Medium	Decreasing In the framework of CHIC, the FDA , DG Enterprise and Industry have exchanged extensively information on respective regulatory systems, safety concerns, and alternative testing methods to animal testing, including discussing the establishment of a rapid alert system to exchange data on adverse reactions.	4	Medium
<b>Horizontal</b>	Under Section 232 of the Trade Expansion Act of 1962, US industry can petition for the restriction of imports from third countries on the grounds of national security. The application of	DG Trade Market Access	?	?	Unknown at present	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	Section 232 is however not dependent on proof from industry. Consequently, the law provides US manufacturers with the opportunity to seek protection on the grounds of national security, when in reality the aim can be simply to curb foreign competition.	Database (3)				

### 1.11.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.40</b> - Manufacture of pharmaceuticals, medicinal chemicals and botanical products.	<b>Data exclusivity:</b> In some of the new Member States in particular, there is a need to improve protection for undisclosed data submitted to obtain marketing approval for pharmaceuticals.	Office of the United States Trade Representative	Low	? Decreasing Article 39.3 of the TRIPS Agreement requires such protection.	1	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>EU Pricing Policy:</b>  US pharmaceutical companies encounter persistent <b>market access</b> problems throughout the European Union due to the effective price, volume, and access controls placed on medicines. In most cases, Member State governments administer medicine reimbursement programs. The procedures for getting a product on a reimbursement list and the price controls maintained for those products that are on the list generally lack transparency and often adversely affect US exports.</p> <p>It is reported that that pharmaceutical <b>R&amp;D spending</b> has largely shifted to the US. Meanwhile, consumers in Europe's largest markets enjoy the fruits of that investment—at prices 25-35 percent lower than those Americans pay.</p> <p>The EU's single market is intended to allow pharmaceuticals, like other goods, to move freely within the EU, while Member States' controlled prices may vary significantly from one country to another. This situation permits intermediaries to buy medicines, often in bulk quantities, in EU countries where the government determined price is lower and sell them in other EU countries where the price is set at a higher level – a practice known as parallel trade.</p>	<p>Office of the United States Trade Representative</p> <p>World Economic Forum for Healthcare</p> <p>Office of the United States Trade Representative</p>	High	<p>?</p> <p>FDA, DG Enterprise and the European Agency for the Evaluation of Medicinal Products (EMA) are currently in collaboration</p>	1	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	Undertakings, which very often operate globally but on the basis of purely <b>national authorisations</b> , may be confronted with different rules in different Member States. This causes delays, increased costs; it may impair or even prevent the introduction of certain changes, including changes which may benefit patients by improving the safety/efficacy profile of the concerned product(s).	COM(2008) 123 final 2008/0045 (COD)	Low	?	4	Low
	The EU allegedly places strict controls on the nature of <b>information</b> that pharmaceutical companies can furnish to patients. The combination of these measures can limit patients' access to innovative products and may diminish investments by US and EU companies in pharmaceuticals R&D	Office of the United States Trade Representative	Low	?	4	Medium.
	Criteria of assessing the <b>practices in the manufacture</b> of pharmaceuticals differ between the EU and the US	Agreement text	Medium	Decreasing due to recently signed agreement for co-operation	1	Low
	The national reimbursement systems in the European Union, especially the country-by-country reimbursement negotiations, this slow product launches, and therefore Europe is less attractive both on price levels and speed to market.	Hamilton and Quinlan (2005)	High	Constant	2	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Horizontal	<p><b>Intellectual Property Rights:</b> US Patents are considered broader than EU ones.</p> <p>Under Section 337, the US can investigate whether imported goods infringe US intellectual property rights and can exclude them from entry into the US. In 1989, a GATT panel found that important aspects of Section 337 violated national treatment obligations. Section 337 was partially amended in 1994. EC considers that the procedures and remedies under Section 337 are still substantially different from internal procedures concerning domestic goods and discriminate against European industries and goods.</p> <p>The revision of the European Patent Convention, launched recently, should provide an opportunity to assess the need to change certain articles, so as to fully reflect existing Community law and the relevant provisions of the international agreements signed by the Community and its Member States. The Directive on the legal protection of biotechnological inventions and the TRIPS Agreement respectively form part of these two groups. For example, it is necessary to bring the provisions of the European Patent Convention relating to the priority right into line with the requirements arising from the TRIPS agreement. The Commission welcomes and fully supports the initiative taken by the French government to hold an Intergovernmental Conference on the reform of the European patent in spring 1999. In view of its competence in this field, the Commission is ready to contribute actively to the success of this important initiative.</p>	<p>USITC</p> <p>DG Trade WTO Disputes database</p> <p>European Commission</p>	Medium to High	Decreasing (due to EU and US agreements) and EU Directive of 2004 plus US Patent Reform Act 2005	2	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<b>European Patent Convention</b> Considered to result in higher costs than for US patents (e.g. procedures need to be brought in individual Member States)	European Commission	Medium to High	Decreasing with work on creating a Community patent and TRIPS	Unknown at present	Low

## 1.12 Cosmetics

### 1.12.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.50</b> - Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations.	Under the Food, Drugs and Cosmetics Act, a product sold as a cosmetic in the EU may be <b>defined</b> as a drug or over-the-counter drug in the US. Drugs or quasi-drugs are regulated differently to cosmetics. They generally require pre-market approval and are subject to limitations on composition and manufacturing processes.	Expert	High	Decreasing through cooperation of the two parties	1	Medium
	Over-the-counter drug manufacturers are required to <b>register</b> their establishments within five days from the beginning of operations (and thereafter, re-register every year) by submitting a completed Registration of Drug Establishment Form. The list of all manufactured drugs must be updated twice a year.	Expert	High	Decreasing through cooperation of the two parties	3	Medium
	Creation of more 'borderline' products due to the various categories of products	Expert	High	Decreasing through cooperation of the two parties	3	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>Formulation changes:</b> When products are categorised as quasi-drugs or over-the-counter drugs, such categorisation poses further restrictions on changes to formulations.</p>	Expert	Medium	?	3	Medium
	<p><b>Testing:</b> Active ingredients approved for use in over-the-counter drugs are specified in relevant over-the-counter drug monographs. Any new active ingredients have to undergo New Drug Application/Approval.</p>	Expert	High	Decreasing; introduction of Time and Extent Applications (TEA) in 2001 was designed to ease this requirement; ingredients used in products marketed for at least five years outside the USA can be introduced more easily into OTC products subject to monographs.	1	High



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>Different Good Manufacturing Practices</b> currently apply in EU and US</p>	Expert	Medium	Decreasing – the IC CR advises that the EU will adopt a European standard modelled after the respective ISO standard and the US will take into consideration the availability of the ISO standard as voluntary guidelines.	1	Low
	<p><b>Labelling: International Nomenclature Cosmetic Ingredient (INCI) names:</b>            INCI name is based on a Nomenclature developed jointly by the EU and US cosmetic industries. The existence of multiple INCI names leads to barriers to international trade and increased potential for confusion for consumers. European industry strongly advocates the adoption of a single INCI name.</p>	DG Trade Market Access Database	Low	Decreasing through transatlantic cooperation	2	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>Federal Food, Drug, and Cosmetic (FD&amp;C) Act, the Fair Packaging and Labelling (FP&amp;L) Act:</b></p> <p>The US legislation is more prescriptive concerning the denomination of the products, the ingredient list and the warning statement. Mislabelling or misbranding could result in criminal prosecution. In the US all products presenting specific claims are considered as drugs and should be registered as such and follow the labelling of drug products.</p>	DG Trade Market Access Database	Medium to low	Decreasing – through international cooperation	2	Medium
	<p><b>Labelling of Over-the-counter Products:</b></p> <p>More stringent labelling requirements for over-the-counter preparations. Labelling is cumbersome and not adapted to cosmetic over-the-counter products</p>	Expert	Low	Decreasing – through international cooperation	2	Medium
	<p><b>Metric and Non-metric Units:</b></p> <p>In the US, both metric and non-metric labelling are mandatory</p>	Expert	Low	?	3	Low
	<p><b>Competitiveness:</b> Products may not be permitted to be placed on the market because of advertising/claims limitations</p>	Expert	Medium to High	Unknown at present	2	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.51</b> - Manufacture of soap and detergents, cleaning and polishing preparations	The FDA only recognises SPF values of up to 30+, whereas the recommended limit of SPF on sunscreen products is SPF 50+ in many countries including the EU.	DG Trade Market Access Database	Low	Decreasing - In August 2007 the FDA proposed an amendment to the rules and an increase from SPF 30 to 50, and there was a public consultation which ended in November 2007. A response has not yet been published.	4	

### 1.12.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DG.24.50</b> - Manufacture of soap and detergents, cleaning and polishing preparations,	<b>Notification</b> Compulsory initial notifications of producer premises but requirements are not harmonised. In the US, pre-marketing notification is voluntary.	Expert / Cosmetics Directive (76/768/EEC)	Low to Medium	Likely to decrease if the proposed Cosmetics Regulation is adopted	3	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
perfumes and toilet preparations.						
	<b>Scientific evaluation</b> of the risk of the substance by the Scientific Committee of Cosmetics and Non-Food Products Intended for Consumers. In the US, no statutory process for reviewing the safety of cosmetics ingredients. The Cosmetics Ingredients Review (CIR) was established in 1976 and is voluntary.	Expert / Cosmetics Directive (76/768/EEC)	Medium to High	Possible decreasing through transatlantic cooperation	2	High
	A restriction on animal <b>testing</b> of cosmetic products and on products containing ingredients tested on animals, whether testing was carried out within the EU or elsewhere. According to the US authorities, this will prohibit the sale in the EU of US cosmetics products tested on animals as of 2009 or 2013 (depending on the type of test), or earlier if the EU has approved an alternative testing method. The restrictions will go into effect whether or not there are validated non-animal tests by these dates.	Expert / Office of the United States Trade Representative / Cosmetics Directive (76/768/EEC)	High	Potentially decreasing - the US and the EC have embarked on a joint project to develop harmonized, alternative, non-animal testing methods.	1	Medium
	<b>Testing:</b> Manufacturers must maintain a product information file (PIF) which is accessible for to EU authorities. Not a requirement in the US.	Expert / Cosmetics Directive (76/768/EEC)	Low	Possibly decreasing. Proposed Cosmetics regulation maintains requirement for a file but allows greater flexibility in who holds it	4	Medium
	<b>Restriction/Authorisation:</b> EU regulation of ingredients is based on lists of: (a) List of prohibited substances, (b) List of restricted	Expert / Cosmetics	High	Possibly decreasing through transatlantic	2	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	substances, (c) Positive list - colouring agents, (d) Positive list – preservatives, (e) Positive list - UV filters In the US legislation, there is a short list of prohibited or restricted ingredients, a list of colorants included in FDCA. Voluntary Cosmetic Ingredient Review recommendations are followed by industry. No approval is required for the use of any new ingredient in a cosmetic.	Directive (76/768/EEC)		cooperation		
	<b>Restriction/Authorisation:</b> Most EU countries require frame formulations to be sent to poison centres, but as yet not harmonised at EU level. Not a requirement in the US	Expert	Low	Possibly decreasing; the proposed Cosmetics Regulation requires frame formulation to be sent to the Commission only	4	Medium
	<b>Restriction/Authorisation:</b> the use of substances with carcinogenic, mutagenic and reprotoxic properties (CMRs) categories 1 and 2, with the potential for risk assessment-based exemptions for Category 3 CMRs on a case-by-case basis is prohibited.	Expert / Cosmetics Directive (76/768/EEC)	High	Possibly decreasing. The proposed Cosmetics regulation allows use of category 1 and 2 CMRs subject to rigid conditions, if they have been assessed as safe	2	Medium
	<b>Restriction/Authorisation:</b> US authorities claim that REACH does not appear to provide producers of cosmetics imported into the EU the benefit of any transition period to register inputs,	Office of the United States Trade	Zero			Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	whereas comparable domestic products may benefit from a 3 year to 11 year transition period.	Representative / Regulation 1907/2006 concerning the REACH.				
	<p><b>Labels</b> required for all cosmetic preparations. In the US, products not distributed for retail sale (e.g. preparations used by professionals on customers at their place of work) are exempt from these requirements.</p> <p>The requirements on durability <b>labelling and labelling</b> of fragrance allergens require different labels for the EU market, increasing costs for both new and existing products.</p>	Expert / Cosmetics Directive (76/768/EEC)	Low	Potentially decreasing - the ICCR advises that collaboration is currently taking place on harmonized ingredient labelling	3	High
	<p><b>Effect of borderline legislation</b></p> <p>Interpretation of the definition of a medicinal product could vary between Member States leading to uncertainty and costs. Some questions remain regarding products that combine UV filters with insect repellents, and regarding preservatives and deodorants recognised to have anti-microbial effects. Could result in loss of availability of chemical products as manufacturers rationalise their product range and fail to support certain substances through REACH and impacts arising from the public availability of information.</p>	<p>Expert</p> <ul style="list-style-type: none"> <li>- Medicinal Products Directive</li> <li>- Biocidal Products Directive</li> <li>- REACH</li> </ul>	<p>Medium</p> <p>Low</p> <p>Medium</p>	Increasing	2	Medium
	<b>Different Good Manufacturing Practices</b> currently apply in EU and US	Expert	Medium	Decreasing – the ICCR advises that the EU will adopt a European standard	1	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
				modelled after the respective ISO standard and the US will take into consideration the availability of the ISO standard as voluntary guidelines.		
	A common definition of <b>nanotechnology</b> in the field of cosmetics is not currently in use	ICCR	?	? – Collaboration work is expected in the future	Unknown at present	High
	<p>A proposal has been made with three objectives:</p> <p>To remove legal uncertainties and inconsistencies. These inconsistencies can be explained by the high number of amendments (55 to date) and the complete absence of any set of definitions. This objective also includes several measures to facilitate management of the Cosmetics Directive with regard to implementing measures;</p> <p>To avoid divergences in national transposition which do not contribute to product safety but instead add to the regulatory burden and administrative costs;</p> <p>To ensure that cosmetic products placed on the EU market are safe in the light of innovation in this sector.</p>	<p>EUR-Lex Proposal for a Regulation of the European Parliament and of the Council on cosmetic products (recast) (Text with EEA relevance) (SEC(2008)117) (SEC(2008)118) COM/2008/0049 final - COD 2008/0025</p>	May reduce NTM (see above)	Possibly reducing	?	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>Horizontal</b>	Intellectual property rights / patent law E.g. there is no EU wide patent (yet); patents have to be applied for / registered with national patent agencies	COM (2007) 165 final	High, this is a barrier to invest.	Decreasing; EU wide patent under Lisbon Strategy	4	Low



## 1.13 Biotechnology

### 1.13.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
K.73.10 - Research and experimental development on natural sciences and engineering.	<p><b>Regulation (EC) 1946/2003 on the Transboundary Movement of GMOs:</b></p> <p>This Regulation is linked to the ratification by the European Community of the Cartagena Protocol on Biosafety. USA is not party to the Protocol</p>	Expert	?	?	Unknown at present	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Horizontal	<p><b>Intellectual Property Rights:</b></p> <ul style="list-style-type: none"> <li>US Patents are considered broader than EU ones</li> <li>Under Section 337, US can investigate whether imported goods infringe US intellectual property rights and can exclude them from entry into the US. In 1989, a GATT panel found that important aspects of Section 337 violated national treatment obligations. Section 337 was partially amended in 1994. EC considers that the procedures and remedies under Section 337 are still substantially different from internal procedures concerning domestic goods and discriminate against European industries and goods. The revision of the European Patent Convention, launched recently, should provide an opportunity to assess the need to change certain articles, so as to fully reflect existing Community law and the relevant provisions of the international agreements signed by the Community and its Member States. The Directive on the legal protection of biotechnological inventions and the TRIPS Agreement respectively form part of these two groups. For example, it is necessary to bring the provisions of the European Patent Convention relating to the priority right into line with the requirements arising from the TRIPS agreement. In view of its competence in this field, the Commission is ready to contribute actively to the success of this important initiative.</li> </ul>	<p>USITC</p> <p>DG Trade WTO Disputes database</p> <p>European Commission</p>	Medium to High	Decreasing (due to EU and US agreements) and EU Directive of 2004 plus US Patent Reform Act 2005	2	Low

### 1.13.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>K.73.10</b> - Research and experimental development on natural sciences and engineering.	<b>EC Regulations 1829/2003 and 1830/2003 governing the approval, traceability, and labeling of biotechnology food and feed:</b> The regulations include mandatory traceability and labeling for all biotechnology and downstream products. The US authorities claim that these regulations have already severely restricted market access because US food producers have reformulated their products to eliminate the use of biotechnology products.	Office of the United States Trade Representative	Medium to High	Stable, potentially decreasing	1	Medium
	A number of Member States (including Spain, Denmark, Germany, Italy, the Netherlands, and most regions in Austria) have reportedly drafted new <b>co-existence laws</b> or have chosen to provide industry guidance. France is in the process of developing its co-existence legislation. While the decrees/laws vary substantially from country to country, they generally require extensive control, monitoring, and reporting of biotechnology crops.	Office of the United States Trade Representative	Medium	Stable	2	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>EU-wide Moratorium:</b> US exporters of agricultural biotechnology products have been affected by a slow EU procedure on approving new products. This was the subject of a successful WTO challenge by the United States.</p> <p>The US authorities argue that delays in the biotechnology product approval process exacerbate the already large asynchronicity of approvals, creating further trade problems. US biotechnology firms may encounter more trade barriers as even minute traces of new products approved in the United States could make them unsellable in the EU.</p>	Office of the United States Trade Representative	Very High	Potentially will decrease	1	Medium
	<p><b>National Action:</b> Several Member States have imposed marketing restrictions (safeguard measures) on some biotechnology products that had been previously approved at the EU level.</p>	Office of the United States Trade Representative	Very High	Potentially will decrease	1	Medium
	<p><b>US Authorisations</b></p> <p>Federal permissions are required for biotechnology products in agriculture (from Dept of Agriculture), in pesticides (from Environmental Protection Agency), in food (from Food and Drug Administration), etc.</p>	US Dept of Agriculture	Low	Unchanged	5	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p><b>EU Directive 98/44/EC on the legal protection of biotechnological inventions:</b></p> <p>The Directive harmonises EU Member State rules on patent protection for biotechnological inventions. Although Member States were required to bring their national laws into compliance with the Directive by July 2000, several were late and some have deviated in its interpretation (Italy, France, Germany, Luxembourg).</p>	Office of the United States Trade Representative	Medium to High	Decreasing. Working on a European patent law.	1	
	<p>The US has raised certain concerns regarding the <b>Intellectual Property Rights (IPR)</b> practices of the EU and its Member States, both through the US Special 301 process and through WTO dispute settlement procedures. It is suggested that:</p> <ul style="list-style-type: none"> <li>• EU does not recognise US patent priorities based on “first to invent”;</li> <li>• EU is slow to patent biotechnology innovations;</li> <li>• EU is slow to defend US trademarks;</li> <li>• EU is slow to accept design patents that are recognised in the US;</li> <li>• EU allows the importation of products that violate US patent rights in the EU; and</li> <li>• Belgium, France, Germany, Greece, Spain, Sweden do not prosecute IP violations with sufficient rigour</li> </ul>	Office of the United States Trade Representative  CITRA	High	Decreasing - EU Directive 2004/48/EC is aimed at on the enforcement of intellectual and industrial property rights, such as copyright and related rights, trademarks, designs, and patents	1	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
Horizontal	<p><b>Intellectual Property Rights:</b></p> <ul style="list-style-type: none"> <li>US Patents are considered broader than EU ones</li> <li>Under Section 337, US can investigate whether imported goods infringe US intellectual property rights and can exclude them from entry into the US. In 1989, a GATT panel found that important aspects of Section 337 violated national treatment obligations. Section 337 was partially amended in 1994. EC considers that the procedures and remedies under Section 337 are still substantially different from internal procedures concerning domestic goods and discriminate against European industries and goods. The revision of the European Patent Convention, launched recently, should provide an opportunity to assess the need to change certain articles, so as to fully reflect existing Community law and the relevant provisions of the international agreements signed by the Community and its Member States. The Directive on the legal protection of biotechnological inventions and the TRIPS Agreement respectively form part of these two groups. For example, it is necessary to bring the provisions of the European Patent Convention relating to the priority right into line with the requirements arising from the TRIPS agreement. In view of its competence in this field, the Commission is ready to contribute actively to the success of this important initiative.</li> </ul>	<p>USITC</p> <p>DG Trade WTO Disputes database</p> <p>European Commission</p>	Medium to High	Decreasing (due to EU and US agreements) and EU Directive of 2004 plus US Patent Reform Act 2005	2	Low

## 1.14 Machinery

### 1.14.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DK.29.00 - Manufacture of machinery and equipment n.e.c.	3 <sup>rd</sup> party testing for import products with EU declarations of conformity	<a href="http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf">http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf</a>	Very high	2008 US Federal Communications Commission will review products subject to... (US Occupational Safety and Health Administration)	High	Medium
	Container Security Initiative (CSI) and threat of 100% container scanning	<a href="http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#caption">http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#caption</a>	medium	Growing security requirements	Low	High
	US emission standards for new compression-ignition Category 3 marine engines, introduced 2003, appropriate under Clean Air Act (CAA)		High	Growing environmental concern	Medium	
Stationary compression ignition internal combustion engines (ICE)	Standards of performance for ICEs under the Clean Air Act (CAA), section 111(b) of		high	constant	Medium	
Aircraft	Certification standards for Rotorcraft Turbin engines		high	Federal Aviation Administration	Medium	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
turbines				introduces new certification standards which come close to European certification standards (CS-E)		
Small internal combustion engines	Control of Emissions from Non-road Spark-Ignition Engines and Equipment		Medium	Growing environmental concern	Medium	
Marine and railway internal combustion engines	Emissions of air pollution from locomotive engines and marine ignition engines less than 30 litres per cylinder. Standards proposed by EPA Introduction of short-term and long-term standards		high	Growing requirements	Medium	
Machine tools	Presence-sensing-device initiation (PSDI) systems for mechanical power presses OSHA-approved third party to validate the PSDI system at installation and annually thereafter. This standard of the American National Standards Institute (ANSI) is being reviewed and it is asked if it shall be expanded to other presses		medium	It is not quite clear if there is an obligation for application of this safety equipment	Medium	
<b>DL.31.00</b> - Manufacture of electrical machinery and apparatus n.e.c.	Energy efficiency programme for certain commercial and Industrial equipment		high	=	Medium	Medium
Consumer	Energy Conservation Program for Commercial		high	=	Medium	Medium



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
products, commercial and industrial equipment	Equipment: Distribution Transformers Energy Conservation Standards (Energy Policy and Conservation Act (EPCAT))					
29 domestic appliances, burners, pumps 31 AC DC power supplies	Efficiency standards for consumer products		high	=	Medium	
<b>Horizontal</b>	US Customs Refusal of "Made in EU"	MAC	low	Constant		
	Foreign Investment and National Security Act, which can create excess costs for FDI (security clearance and approval for the merger from the US president based on national security)	MAC	medium	Increasing	Medium	
	Buy American Act, which causes barriers to access to the US government procurement markets	MAC	medium	constant	High	Medium
	Tax Code Reporting Requirements applied to foreign owned corporations	MAC	low	Constant		
	US patent legislation (detrimental situation due to Hilmer Doctrine for EU companies)	MAC	Very low	constant		Low
	Very limited access of foreign companies to US government support programmes (e.g. Technology	OECD, National treatment report	low	constant		Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	Innovation Programme and previous Advanced Technology Programme)					
	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	low	increasing		
	<p><b>Section 232 of the 1962 Trade Expansion Act:</b> Under Section 232 of the Trade Expansion Act of 1962, US industry can petition for the restriction of imports from third countries on the grounds of national security. Protective measures can be used for an unlimited period of time. The application of Section 232 is not dependent on proof of injury to US industry.</p> <p>In the past, the EU has voiced its concern that Section 232 gives US manufacturers an opportunity to seek protection on grounds of national security, when in reality the aim is simply to curb foreign competition.</p>	DG Trade Market Access Database	low	?		
	<p><b>Berry Amendment to the 1941 Defence Appropriations Act:</b> The concept of national security was originally used in the 1941 Defence Appropriation Act to restrict procurement by the DoD to US sourcing. Now known as the Berry Amendment, its scope has been</p>	DG Trade Market Access Database	medium			Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	<p>extended to secure protection for a wide range of products only tangentially-related to national security concerns -- for example, the 1992 General Accounting Office ruling that the purchase of fuel cells for helicopters is subject to the Berry Amendment fabric provisions, and the withdrawal of a contract to supply oil containment booms to the US Navy because of the same textile restrictions.</p> <p>The FY2006 Defense Authorization Act (Section 833) contains changes to the Berry Amendment that expand the coverage of this amendment's Buy American provisions. The new language requires DoD to notify Congress within seven days if it awards a contract to a foreign manufacturer and place the contract on a General Services Administration Web site. The new provisions also expand the coverage of the Berry Amendment by requiring that components of textiles and apparel are also made in the US. In addition, the bill contains a provision (Section 832) mandating training programmes for DoD personnel about the Berry Amendment. Taken together, these provisions will hamper DoD's flexibility in applying the Berry Amendment by opening DoD waiver decisions to continuous challenge by the US textile industry.</p>					

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	<p><b>Sarbanes-Oxley and International Accounting Standards:</b></p> <p>The Sarbanes Oxley Act (SOX) was introduced in 2002 as a means to prevent further accounting scandals such as the ENRON case. SOX has proved controversial, particularly with regard to its impact on non-US companies, which are listed on US stock markets. Research shows that additional compliance costs are over 60 percent higher than originally estimated after introduction of SOX. A large majority of companies will not manage to fulfill the complicated and expensive SOX Section 404 internal control reporting requirements by the November 2004 deadline. Further, companies operating in the US and Europe face the problem of conflicting requirements, when corporate governance regulations in the US differ from those in their home countries.</p>	American Chamber of Commerce in Germany	low	increasing		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	<p><b>Dual-use Items:</b> The US export-control system for dual-use items listed on the US Commerce Control List (CCL) dictates that foreign companies require re-export licenses for items containing 25 percent or more of US-origin content. When such items are re-exported to countries listed on the US State Department's list of countries supporting terrorism, the requirement is stricter and all items with 10 percent or more of US-origin content listed on the CCL require re-export licenses. In some cases these re-export authorisations infringe European Single Market rules.</p>	<p>DG Trade Market Access Database</p>	<p>low</p>			<p>Low</p>
	<p><b>State-level requirements:</b> There are more than 2,700 State and municipal authorities in the US that require particular safety certifications for products sold or installed within their jurisdictions. These requirements are neither transparent, nor uniform or consistent with each other.</p>	<p>DG Trade Report on US Trade Barriers</p>	<p>medium</p>	<p>constant</p>		<p>Low</p>
	<p><b>Intellectual property</b></p> <ul style="list-style-type: none"> <li>• EU Patent law based on first to invent, not first to file</li> <li>• Copyright law has "home style radio" exemption for music broadcasts in commercial establishment</li> </ul>	<p>CITRA Presentation</p>	<p>High</p>	<p>Decreasing</p>		<p>Low</p>

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	<ul style="list-style-type: none"> <li>US refuses to recognize “moral rights” of artist in materials not copyrighted</li> <li>US restrictions imported materials that violate US IP laws, a remedy not available against domestic producers</li> </ul>					
	<p><b>Legal Liability Philosophy:</b>  Legal liability in the USA is an issue of particular concern not only to European companies but also domestic US firms. Currently, businesses spend millions of dollars in the US defending themselves against frivolous class action lawsuits. Investors urge the finalisation of tort reform and a moratorium on laws with extraterritorial effects.</p>	American Chamber of Commerce in Germany	low	constant		Low

#### 1.14.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
DK.29.00 - Manufacture of machinery and	Measurement specifications	<a href="http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf">http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf</a>	Low	Importation of products with English and metric measurement will be allowed	Low	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
equipment n.e.c.						
	Maximum permissible limits for emissions (exhaust gases, fumes, dust, particulate matters etc.)		Very high	Growing concern on environmental hazards will lead to higher and more complex requirements	High	
	A European patent designating 13 countries is 11 times more expensive than a US patent and 13 times more expensive than a Japanese patent.	<a href="http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/463&amp;type=HTML&amp;aged=0&amp;language=EN&amp;guiLanguage=fr">http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/463&amp;type=HTML&amp;aged=0&amp;language=EN&amp;guiLanguage=fr</a>	low	European patent litigation system		Low
	Customs and Border Protection	<a href="http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#csp">http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#csp</a>	Medium	increasing		Medium
	Differences in the enforcement of harmonized EU Customs legislation between EU Member States	USTR, 2008	low	decreasing		Medium
	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	low	increasing		High
<b>Horizontal</b>	<b>Intellectual Property Rights:</b> US Patents are considered broader than EU ones  Under Section 337, the US can investigate whether	USITC DG Trade WTO Disputes database European Commission	high	Decreasing (due to EU and US agreements) and EU Directive of 2004 plus US Patent Reform Act 2005		Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	<p>imported goods infringe US intellectual property rights and can exclude them from entry into the US. In 1989, a GATT panel found that important aspects of Section 337 violated national treatment obligations. Section 337 was partially amended in 1994. EC considers that the procedures and remedies under Section 337 are still substantially different from internal procedures concerning domestic goods and discriminate against European industries and goods.</p> <p>The revision of the European Patent Convention, launched recently, should provide an opportunity to assess the need to change certain articles, so as to fully reflect existing Community law and the relevant provisions of the international agreements signed by the Community and its Member States. The Directive on the legal protection of biotechnological inventions and the TRIPS Agreement respectively form part of these two groups. For example, it is necessary to bring the provisions of the European Patent Convention relating to the priority right into line with the requirements arising from the TRIPS agreement. The Commission welcomes and fully supports the initiative taken by the French government to hold an Intergovernmental Conference on the reform of the European patent in spring 1999. In</p>					



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	view of its competence in this field, the Commission is ready to contribute actively to the success of this important initiative.					
<b>Horizontal</b>	<b>European Patent Convention</b> Considered to result in higher costs than for US patents (e.g. procedures need to be brought in individual Member States)	European Commission	Medium	Decreasing with work on creating a Community patent and TRIPS		Low



## 1.15 Electronics

### 1.15.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
<b>DL.31.00 -</b> Manufacture of electrical machinery and apparatus n.e.c. <b>DL.32.00 -</b> Manufacture of radio, television and communication equipment and apparatus	Safety of electrical and electronics products Non-harmonized standards, different from State to State	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960054&amp;version=3">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960054&amp;version=3</a>	High		Medium	Low
	Standards are developed by different bodies Occupational Safety and Health Administration (OSHA), National Electric Code and Industry Safety Standards, e. g. Underwriter's Laboratories (UL) Standards diverge most often from the	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960054&amp;version=3">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960054&amp;version=3</a>	High		Medium	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	international agreed standards of the Electrotechnical Commission (IEC) agreed by most countries in the world					
	Complaint on non-transparency standards	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960054&amp;version=3">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960054&amp;version=3</a>	High		High	Medium
	3 <sup>rd</sup> party testing for import products with EU declarations of conformity	<a href="http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf">http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf</a>	High	2008 US Federal Communications Commission will review products subject to... (US Occupational Safety and Health Administration)	High	High
	Conformity assessment procedures	<a href="http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf">http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf</a>	Medium	Initiatives to ease the procedures for product safety	High	
	California Office of Administrative Law (OAL) approved California regulations implementing RoHS Certain DVD equipment is due for recycling fee payments		High	Environmental concerns are growing		
	Electronic Waste Recycling Act, A817 of New Jersey Ban of all manufacturers not in compliance with the established recycling system		High			

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	Container Security Initiative (CSI)	<a href="http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#csp">http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#csp</a>	Low	Growing security requirements	Low	
<b>DL.32.00</b> - Manufacture of radio, television and communication equipment and apparatus	Encryption Control Policy, In opposite to the international Wassenaar arrangement the US has changed by new requirements on crypto functionality, Lack of interoperability is a trade barrier	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060119&amp;version=4">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060119&amp;version=4</a>	High		High	
<b>DK.29.00</b> - Manufacture of machinery and equipment n.e.c. <b>DL.31.00</b> - Manufacture of electrical machinery and apparatus n.e.c.	Energy Conservation Program for Commercial and Industrial Equipment (EPCA) Federal Initiative, Department of Energy	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=288&amp;dspLang=en&amp;nextpage=49&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=288&amp;dspLang=en&amp;nextpage=49&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>	Medium			

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	Energy Conservation Program for Commercial Equipment: Distribution Transformers Energy Conservation Standards (Energy Policy and Conservation Act (EPCAT)		Medium	Constant	Medium	
<b>DK.29.00</b> - Manufacture of machinery and equipment n.e.c <b>DL.31.00</b> - Manufacture of electrical machinery and apparatus n.e.c. <b>DL.32.00</b> - Manufacture of radio, television and communication equipment and	Energy Efficiency Standards Act of 2007 (DC B 211) Lighting and certain domestic appliances District of Columbia	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=310&amp;dspLang=en&amp;nextpage=52&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypays=CEpercent20&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=310&amp;dspLang=en&amp;nextpage=52&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypays=CEpercent20&amp;baskeywords=&amp;fromform=viewCategory</a>				

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
apparatus						
<b>DL.31.00</b> - Manufacture of electrical machinery and apparatus n.e.c.	Energy efficiency programme for certain commercial and Industrial equipment	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=291&amp;dspLang=en&amp;nextpage=49&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=291&amp;dspLang=en&amp;nextpage=49&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>	Medium	Constant	Medium	
<b>DK.29.00</b> - Manufacture of machinery and equipment n.e.c. <b>DL.31.00</b> - Manufacture of electrical machinery and apparatus n.e.c.	Efficiency standards for consumer products	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=372&amp;dspLang=en&amp;nextpage=60&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=CEpercent20&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=372&amp;dspLang=en&amp;nextpage=60&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=CEpercent20&amp;baskeywords=&amp;fromform=viewCategory</a>	Medium	Constant	Medium	High
<b>horizontal</b>	Infringement of intellectual property rights Section 337 for the Tariff Act of 1930 is often	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=98013">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=98013</a>	Medium	Part of non-fair procedures	Medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	applied without any abusive claim or dilatory claim concepts	<a href="#">9&amp;version=4</a>				

### 1.15.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
<b>DL.31.00</b> - Manufacture of electrical machinery and apparatus n.e.c. <b>DL.32.00</b> - Manufacture of radio, television and communication equipment and apparatus	Waste Electric and Electronic Equipment Directive (WEEE)	<a href="http://download.ecorys.com/fuu/downloads/NTE_report_on_foreign_trade_barriers_2008_US.pdf">http://download.ecorys.com/fuu/downloads/NTE_report_on_foreign_trade_barriers_2008_US.pdf</a> <a href="http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0096:EN:HTML">http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0096:EN:HTML</a>	Medium	Growing, because of environmental protection	Low	Medium
	Restriction of the use of certain Hazardous	<a href="http://download.ecorys.com/fuu/download/">http://download.ecorys.com/fuu/download/</a>	Medium	Growing, because of	Low	Medium



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
	Substances Directive (RoHS)	<a href="#">oads/NTE_report_on_foreign_trade_barriers_2008_US.pdf</a> <a href="http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0095:EN:HTML">http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0095:EN:HTML</a>		environmental protection		
	Framework Directive on Energy using Products (EuP)	<a href="http://download.ecorys.com/fuu/download/oads/NTE_report_on_foreign_trade_barriers_2008_US.pdf">http://download.ecorys.com/fuu/download/oads/NTE_report_on_foreign_trade_barriers_2008_US.pdf</a> <a href="http://ec.europa.eu/enterprise/electr_equipement/legislat.htm#VII">http://ec.europa.eu/enterprise/electr_equipement/legislat.htm#VII</a>	Medium	Growing, because of environmental protection	Low	Medium
	Variety of standards dedicated to the creation of a Single Market, to protect users (radiation etc.), save energy Low-voltage directive Electromagnetic compatibility Directive	<a href="http://ec.europa.eu/enterprise/electr_equipement/lv/index.htm">http://ec.europa.eu/enterprise/electr_equipement/lv/index.htm</a> <a href="http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/reflist/emc.html">http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/reflist/emc.html</a>	Medium	Creation of a Single European Market with high requirements for US firms Mutual recognition of conformity assessment bodies eases access	Low	Medium
	Information and communications technology standards, mutual recognition in the EU	<a href="http://ec.europa.eu/enterprise/enterprise_policy/gov_relations/internatl_regul_coop_eu_us/roadmap.pdf">http://ec.europa.eu/enterprise/enterprise_policy/gov_relations/internatl_regul_coop_eu_us/roadmap.pdf</a>	High	Standards are important elements in corporate strategies	High	
	Mutual recognition of conformity of radio equipment and telecommunication terminal equipment	<a href="http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/reflist/radiote.html">http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/reflist/radiote.html</a>	Medium	Creation of a Single European Market with high requirements for US firms Mutual recognition of conformity assessment bodies	Low	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs (rank)	Actionability
				eases access		
	Measurement specifications	<a href="http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf">http://ec.europa.eu/enterprise/enterprise_policy/inter_rel/tec/doc/tec_joint_statement.pdf</a>	Low	Importation of products with English and metric measurement will be allowed	Low	Medium
	A European patent designating 13 countries is 11 times more expensive than a US patent and 13 times more expensive than a Japanese patent.	<a href="http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/463&amp;type=HTML&amp;aged=0&amp;language=EN&amp;guiLanguage=fr">http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/463&amp;type=HTML&amp;aged=0&amp;language=EN&amp;guiLanguage=fr</a>		European patent litigation system		Low
	Customs and Border Protection	<a href="http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#csp">http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm#csp</a>				Medium
<b>DL.32.00</b> - Manufacture of radio, television and communication equipment and apparatus	European standards in the field of information technology and telecommunications.	Pink Book 2007, p. 101 <a href="http://ec.europa.eu/enterprise/newapproach/pdf/pink_book_2007.pdf">http://ec.europa.eu/enterprise/newapproach/pdf/pink_book_2007.pdf</a>	Medium		Low	
<b>horizontal</b>	External border checks	Pink Book 2007, p. 101	Low		Low	Medium
<b>horizontal</b>	Conformity assessment and rules on conformity marking Council decision 93/465/EEC	Pink Book 2007, p. 101	Medium		Low	

## 1.16 Office, Information and Communications Equipment

### 1.16.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DL.30.00</b> - Manufacture of office machinery and computers	Amendments to Appliance Efficiency Regulations, California Code of Regulations. <b>Standards for power supplies.</b> Effective January 2007, for external power supplies used with laptop computers, mobile phones, printers, print servers, scanners, personal digital assistants (PDAs) and digital cameras.	TBT – USA / 203 + Amendments to Appliance Efficiency Regulations.	Not that high, only applies to the state California.	An increasing attention for the environment and the use of energy, so it looks like an increasing trend.	3	
<b>DL.30.01</b> - Manufacture of office machinery	NTMs are the same as for DL.30.00					
<b>DL.30.02</b> - Manufacture of computers and other information processing equipment	When computers are imported into the US, a declaration is required at the custom authorities stating how the equipment meets appropriate <b>FFC technical specifications.</b>	OECD (2002) Non-Tariff Measures in the ICT Sector: A survey.	High, no access to the market in the US without declaration	Stays important.	1	Medium
<b>Horizontal</b>	To receive financial assistance under the <b>Technology Innovation Programme (and previously under the Advanced Technology Programme)</b> , a company must be incorporated in the United States, and do the majority of its business in the U.S. The company may be owned by	OECD (2008), National treatment for Foreign-Controlled Enterprises,	The barrier to investment in this sector		2	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	a parent company incorporated in another country, but in that case, NIST must determine that the company's participation in TIP would be in the economic interest of the United States (for example leading to investments in the United States in research, development, and manufacturing and increased employment in the U.S.), and that the parent company is incorporated in a country which affords comparable opportunities to United States-owned companies and affords adequate and effective protection for the intellectual property rights of United States-owned companies.	www.nist.gov,	could be high.			

### 1.16.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DL.30.00</b> - Manufacture of office machinery and computers	<p><b>Electromagnetic compatibility (EMC)</b> of ICT products, two regulatory approaches for this:</p> <ul style="list-style-type: none"> <li>• Electromagnetic Interference (EMI); control emissions from ICT products to avoid any electromagnetic disturbances.</li> <li>• Electromagnetic Susceptibility (EMS); requires ICT to have immunity, i.e. work in the presence of electromagnetic disturbances.</li> </ul>	EMC Directive: 89/336/EEC; OECD (2002) Non-Tariff Measures in the ICT Sector: A	High, equipment that is not confirming these directives can't have access to the European Market.	The Directive had an update in 2004 that could indicate that the European Commission takes it serious. But because of the harmonization this NTM is decreasing. So	2, related to CE-marking.	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	No harmonization in this subject in the different Member States. This makes it difficult to trade.	survey; Directive: 2004/108/EC		overall the trend is constant.		
	As of 2001-01-01 all electrical and electronic equipment that is connected to the public mains up to and including 16A max. rated input current must comply with EN 61000-3-2.	Harmonic Current Emission, EN 61000-3-2	EN 61000-3-2 is a standard and therefore a high NTM.	A standard for electrical equipment, so an increasing NTM, but because of the harmonization decreasing.	5	Medium
	Ban on use of certain <b>hazardous substances</b> (environmental damage) and obligation to take back & recycle certain electronic equipment (free of charge for households)  <i>partly horizontal</i>	Directive on Waste Electrical and Electronic Equipment (WEEE) 2002/96/EC	High, because of increasing attention towards environmental issues.	Increasing because of the increased attention for environmental considerations	3	Medium
	The Directive covers electrical equipment designed for use with a voltage rating of between 50 and 1000 V for alternating current and between 75 and 1500 V for direct current.  <b>Differences between the Member States</b> in the provisions that are in force designed to ensure safety in the use of electrical equipment considering voltages.	Low voltage Electrical Safety (LVD) Directive: 73/23/EEC / DIRECTIVE 2006/95/EC	Reasonable high, no harmonization in safety standards.	Decreasing, because of the harmonization in the follow up directives.	1, Safety Standard important for the EC.	Medium
	Council Decision 93/465/EEC concerning the modules for the various phases of the conformity assessment	Enterprise & Industry,	Important, no access on the	Constant, a lot of directives related to	2, Related to CE-marking.	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	procedures and the rules for the affixing and use of the <b>CE conformity marking</b> , which are intended to be used in the technical harmonisation directives.	List of Measures, the Pink Book.	Single Market in the EU, without the EC-marking.	the EC-marking. That reveals the importance for the EU.		
	Apparatus placed on the market should bear the 'CE' marking attesting to compliance with the directive.	Directive 2004/108/EC	See the previous one.	See the previous one.	2, Related to CE-marking.	
<b>DL.30.01</b> - Manufacture of office machinery	NTMs are the same as for DL.30.00					
<b>DL.30.02</b> - Manufacture of computers and other info processing equipment	NTMs are the same as for DL.30.00					
<b>Horizontal</b>	Intellectual property rights / patent law E.g. there is no EU wide patent (yet); patents have to be applied for / registered with national patent agencies.	COM (2007) 165 final	High, this is a barrier to invest.	Decreasing; EU wide patent under Lisbon Strategy	4	Low

## 1.17 Medical, Measuring and Testing Appliances

### 1.17.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs	Actionability
<b>DL.33 - Medical, measuring and testing appliances</b> <b>DL.33.00</b> - Manufacture of medical, precision and optical instruments, watches and clocks	<b>Intellectual property rights / patent law</b> <i>horizontal</i>	<i>See other sectors</i>				Low
<b>DL.33 - Medical, measuring and testing appliances</b> <b>DL.33.00</b> - Manufacture of medical, precision and optical instruments, watches and clocks	<b>Restrictions on (re)export and export control on “strategic goods” (often also import)</b>  I.e. relevant for ‘dual-use devices’; e.g. using nano- and nuclear technology; PET scans etc. Also applicable to certain radio and encryption technologies  <i>Partly horizontal</i>	<b>EU</b> National legislation; E.g.:Export Control Act 2002 (UK), Strategic Goods, Import, Export and Transit Act (Estonia) etc.  <b>US</b> Strategic Goods Control System (Bureau of Industry and Security)	<b>Limited;</b> applicable to small array of medical / measuring devices only	<b>Increasing;</b> Along with increased regulation around international terrorism/ nuclear technology etc.		Low
<b>DL.33.10</b> - Manufacture of medical and surgical equipment and orthopaedic appliances	<b>Lack of mutual recognition of technical / licensing requirements and safety regulations EU and US</b>	Code of Federal Regulations (CFR)  1938 Federal Food,	<b>Considerable;</b> hard to say as market is highly internalized and	<b>Towards harmonization;</b> - US/EU Mutual Recognition Agreements: Agreement on Mutual Recognition in	Important; 1	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	<i>Main requirements for EU manufacturer exporting to US, in addition to local (EU) requirements:</i>	<p>Drug, and Cosmetic Act (1938 FD&amp;C)</p> <p>1990 Safe Medical Appliances Act</p> <p>2002 Medical Device User Fee and Modernization Act</p>	<p>dominated by a few (international) large players</p>	<p>Regulation to Conformity Assessment between the United States and the European Community; Annex on medical devices. (e.g. <i>medical device manufacturers can work with US based conformity assessment body instead of notified bodies EU</i>)</p> <ul style="list-style-type: none"> <li>- TEC: Transatlantic administrative simplification initiative (also: arrangements and joint work plan between FDA en EC upstream regulatory cooperation)</li> <li>- DG Enterprise: Regulatory Dialogues EU-US for Medical Devices in progress</li> </ul>		
	<ul style="list-style-type: none"> <li>• Manufacturer must be registered with FDA (fee 2008: € 1312/\$ 1706)</li> </ul>	1938 FD&C / 21 CFR Part 807				Medium
	<ul style="list-style-type: none"> <li>• Devices must be listed with FDA</li> </ul>	1938 FD&C / 21 CFR Part 807				Medium
	<ul style="list-style-type: none"> <li>• Device must get Premarket Notification (most Class II devices) or Premarket Approval (Class III and high-risk devices), unless</li> </ul>	21 CFR Part 807/812/814				Medium



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	exempted (Class I and some Class II devices + investigational device exemption)					
	<ul style="list-style-type: none"> <li>Labeling requirements for device must be met</li> </ul>	21 CFR Part 801/809				Medium
	<ul style="list-style-type: none"> <li>Device must be manufactured according to Quality System Regulation / Good Manufacturing Practices, unless exempted</li> </ul>	21 CFR Part 820				Medium
	<ul style="list-style-type: none"> <li>Medical device reporting</li> </ul>	21 CFR Part 803 / FDA Medical Device Reporting regulations				
	<ul style="list-style-type: none"> <li>Manufacturers of certain high-risk devices are required to include (or have available on request) a summary of safety and effectiveness data upon application for pre-market clearance</li> </ul>	1990 Safe Medical Appliances Act				
	<ul style="list-style-type: none"> <li>Manufacturers of certain high-risk devices are required to establish a Device Tracking system to notify patients in the event of product malfunction</li> </ul>	1990 Safe Medical Appliances Act				
	<ul style="list-style-type: none"> <li>Manufacturers of certain high-risk devices are required to submit Postmarket Surveillance protocols</li> </ul>	1990 Safe Medical Appliances Act				
<b>DL.33.10</b> - Manufacture of medical and surgical equipment and orthopaedic appliances	<b>US SMEs receive reductions and reimburse of fees charged to obtain pre-market approval (PMA); EU SMEs not eligible</b>	2002 Medical Device User Fee and Modernization Act	<b>Small</b> ; market dominated by large firm (few SMEs)			Medium <b>High</b>

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
<b>DL.33.20</b> - Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment	<b>Lack of mutual recognition of technical / licensing requirements for electromagnetic compatibility between EU and US</b>  Requirements: <ul style="list-style-type: none"> <li>• General technical requirements must be met</li> <li>• Labeling requirements must be met, complying the FCC rules</li> </ul>	47 CFR Part 15 47 CFR Part 18  Communications Act 1934, amended by Telecommunications Act 1996		<b>Towards harmonization:</b> - Agreement on Mutual Recognition in Regulation to Conformity Assessment between the United States and the European Community; Annex on Electromagnetic Compatibility		Medium <b>High</b>
	<b>Lack of mutual recognition of technical / licensing requirements for electrical safety between EU and US</b>  Requirements: <ul style="list-style-type: none"> <li>• "Essential requirements" must be met</li> <li>• Labelling requirements must be met, complying the FCC rules</li> </ul>	29 USC 651 et seq. US 29 CFR 1910.7  30 USC 801 et seq.		<b>Towards harmonization:</b> - Agreement on Mutual Recognition in Regulation to Conformity Assessment between the United States and the European Community; Annex on electrical Safety		Medium <b>High</b>
<b>DL.33.20</b> - Manufacture of instruments and appliances for measuring, checking, testing, navigating and other purposes, except industrial process control equipment	<b>NTM's are the same as for DL.33.20</b>  Requirements are the same as for DL.33.20	Same CFR's as for DL.33.20				
<b>DL.33.30</b> - Manufacture of industrial process control	Generally, for ophthalmic devices the same requirement and regulations hold as for medical		<b>Relative;</b> relating to small sub-			

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	equipment (DL.33.10)  <b>Ophthalmic devices, located in class III may not be commercially distributed, unless approval and exception under section 515 act</b>	1938 Federal Food, Drug, and Cosmetic Act (1938 FD&C), Part 886	sector only			
<b>DL.33.40</b> - Manufacture of optical instruments and photographic equipment						
<b>DL.33.50</b> - Manufacture of watches and clocks						

### 1.17.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
<b>DL.33 - Medical, measuring and testing appliances</b> <b>DL.33.00</b> - Manufacture of medical, precision and optical instruments, watches and clocks	<b>Ban on use of certain hazardous substances (environmental damage) and obligation to take back &amp; recycle certain electronic equipment (free of charge for households)</b> <i>partly horizontal</i>	Directive 2002/96/EC on waste electrical and electronic equipment	<b>Medium;</b> applicable to array of electrical equipment	<b>Increasing</b> (along with increased attention for environmental considerations)		<b>Medium</b>
<b>DL.33 - Medical, measuring and testing appliances</b> <b>DL.33.00</b> - Manufacture of medical, precision and optical instruments, watches and	<b>Restrictions on (re)export and export control on “strategic goods” (often also import)</b>  I.e. relevant for ‘dual-use devices’; e.g. using nano- and nuclear technology; PET scans etc.	<b>EU</b> National legislation; E.g.:Export Control Act 2002 (UK), Strategic Goods, Import, Export	<b>Limited;</b> applicable to small array of medical / measuring	<b>Increasing;</b> Along with increased regulation around international terrorism/ nuclear technology etc.		<b>Low</b>

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
clocks	Also applicable to certain radio and encryption technologies  <i>Partly horizontal</i>	and Transit Act (Estonia) etc.  <b>US</b> Strategic Goods Control System (Bureau of Industry and Security)	devices only			
<b>DL.33 - Medical, measuring and testing appliances</b> <b>DL.33.00</b> - Manufacture of medical, precision and optical instruments, watches and clocks	<b>Intellectual property rights / patent law</b> E.g. there is no EU wide patent (yet); patents have to be applied for / registered with national patent agencies <i>horizontal</i>	<i>See other sectors</i>		<b>Decreasing</b> ; EU wide patent under Lisbon Strategy		<b>Low</b>
<b>DL.33.10</b> - Manufacture of medical and surgical equipment and orthopaedic appliances	<b>Lack of mutual recognition of technical / licensing requirements and safety regulations EU and US</b>	Directive 93/42/EEC concerning medical devices  Directive 98/79/EC on in vitro diagnostic medical devices  Directive 90/385/EEC on active implantable medical devices  Code of Federal	<b>Considerable</b> ; hard to say as market is highly internalized and dominated by a few (international) large players	<b>Towards harmonization</b> ; - US/EU Mutual Recognition Agreements: Agreement on Mutual Recognition in Regulation to Conformity Assessment between the United States and the European Community; Annex on Medical Devices. <i>(e.g. medical device manufacturers can work with US based conformity assessment body instead of</i>	Important; 1	<b>Medium</b>

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	<p><i>Main requirements for US manufacturer exporting to EU, in addition to local (US) requirements</i></p>	<p>Regulations (CFR)</p> <p>1938 Federal Food, Drug, and Cosmetic Act (1938 FD&amp;C)</p>		<p><i>notified bodies EU</i></p> <ul style="list-style-type: none"> <li>- TEC: Transatlantic administrative simplification initiative (also: arrangements and joint work plan between FDA en EC upstream regulatory cooperation)</li> <li>- DG Enterprise: Regulatory Dialogues EU-US for Medical Devices in progress</li> </ul>		
	<ul style="list-style-type: none"> <li>• Meet US export requirements (FDA): <ul style="list-style-type: none"> <li>- Devices with US market clearance can be exported (if complying with requirements importing country)</li> <li>- Devices without US market clearance (or on request of imported country) require from the FDA (dependant on category/situation): Certificate to Foreign Government / 801(e)(1) Certificate of Exportability / 801(e)(2) Certificate of Exportability / 802 Certificate of Exportability / Simple Notification / 801(e)(2) Export Permit</li> </ul> </li> </ul>	<p>1938 FD&amp;C / CFR</p> <p>FDA Export Reform and Enhancement Act of 1996 sections 801(1), 801(e)(2), and 802 of the FD&amp;C Act</p>				
	<ul style="list-style-type: none"> <li>• Medical devices must comply with a set of “essential requirements” (per Directive)</li> </ul>	<p>Directive 93/42/EEC</p> <p>Directive 98/79/EC</p> <p>Directive 90/385/EEC</p>				Medium
	<ul style="list-style-type: none"> <li>• Medical devices have to be subject to a risk</li> </ul>	<p>Directive 93/42/EEC</p>				

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	assessment, a risk management process and a risk/benefit analysis before being placed on the mark	Directive 98/79/EC Directive 90/385/EEC				
	<ul style="list-style-type: none"> <li>• Most medical devices have to obtain CE mark (compatibility technical requirements);</li> <li>- Low-risk medical devices have to be self-certified by manufacturers</li> <li>- High-risk medical devices have to be certified by an accredited test laboratory</li> <li>- Manufacturers of active implantable medical devices cannot self-certify and have to rely on the services of an accredited test laboratory to complete the process of compliance</li> <li>- Manufacturers of simple IVD test kits (e.g. diabetes) can self-certify compliance with the requirements, more high risk test kits such as HIV will require the services of a notified body</li> </ul>	Directive 93/42/EEC Directive 98/79/EC Directive 90/385/EEC				Medium
	<ul style="list-style-type: none"> <li>• To get CE mark, devices must go through conformity assessment procedures: EC declaration of conformity + technical file / Full quality assurance system / EC type-examination / EC verification / Production quality assurance / Statement concerning devices for special purposes</li> </ul>	Directive 93/42/EEC Directive 98/79/EC Directive 90/385/EEC				Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	(dependent on product class and phase)					
DL.33.10 - Manufacture of medical and surgical equipment and orthopaedic appliances	<b>Diverging national legislation/policies EU Member States regarding export/investment in medical sector (more impeding than EU law)</b>		<b>Considerable;</b> mostly affecting investment decisions	<b>Partly towards harmonization;</b> mostly through Directives, but national legislation still prominently affecting US firms (especially in investment / taxation policies)		<b>Low</b>
DL.33.10 - Manufacture of medical and surgical equipment and orthopaedic appliances	<b>Hybrid public-private health systems in EU Member States; still considerable supply-driven / publicly financed</b>  Examples of resulting difficulties: <ul style="list-style-type: none"> <li>- <i>Netherlands:</i> medical insurance companies influence financing decision of devices; there will be no demand for devices considered too expensive by them</li> <li>- <i>Ireland:</i> US firms need public and private part of market to meet their investment threshold. Yet, for the public part, a Service Level Agreement is required from the Health Service Executive, which can be difficult.</li> </ul>		<b>Considerable;</b> Influencing export decision (see example NI) and investment decision (see example Ireland)	<b>Ambiguous;</b> Trend towards privatization; may be advantageous for US firms, but can also add to hybridism and uncertainty of market		Low
DL.33.10 - Manufacture of medical and surgical equipment and orthopaedic appliances	<b>Ban on use of certain hazardous substances (environmental damage); e.g. lead and mercury</b>	Directive 2002/96/EC on waste electrical and electronic equipment		<b>Increasing</b> (along with increased attention for environmental considerations)		<b>Medium</b>
DL.33.20 - Manufacture of instruments and appliances for	<b>Ban on use of certain hazardous substances (environmental damage) and obligation to take</b>	Directive 2002/96/EC on waste electrical and				Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
measuring, checking, testing, navigating and other purposes, except industrial process control equipment	<b>back &amp; recycle certain electronic equipment (free of charge for households)</b>	electronic equipment				
	<p><b>Lack of mutual recognition of technical / licensing requirements for measuring instruments between EU and US</b></p> <p>Requirements (similar to medical devices general):</p> <ul style="list-style-type: none"> <li>- Recognizing essential requirements (sub-assemblies, design, construction, metrological) by conformity assessment</li> <li>- CE marking</li> <li>- Conformity assessment for essential requirements, instrument specific requirements; EC declaration of product conformity; EC unit verification; EC type examination</li> <li>- Technical documentation should be included</li> </ul> <p><i>Besides general directive, there are several directives for specific measure equipment and measurement characteristics:</i></p>	2004/22/EC Directive on measuring instruments (complement 90/384/EEC Directive)		<b>Decreasing;</b> 2004/22/EEC Directive on measuring instruments repeals several Council Directives with respect to specific measuring instruments, indicating that regulation regarding measuring instruments harmonizes (e.g. CE marking)		Medium
	<ul style="list-style-type: none"> <li>• Units of measurement</li> </ul>	80/181/EEC Directive 85/1/EEC Directive				Low



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
		89/617/EEC Directive				
	<ul style="list-style-type: none"> <li>Common provisions (like drawing of letters and units of measurement)</li> </ul>	71/316/EEC Directive 72/427/EEC Directive 83/575/EEC Directive 87/354/EEC Directive 87/355/EEC Directive 88/655/EEC Directive				
	<ul style="list-style-type: none"> <li>Measuring instruments</li> </ul>	2004/22/EC Directive 75/410/EEC Directive 78/1031/EEC Directive 79/830/EEC Directive 71/319/EEC Directive 71/348/EEC Directive 77/313/EEC Directive 71/318/EEC Directive 76/391/EEC Directive 73/362/EEC Directive 77/95/EEC Directive				
	<ul style="list-style-type: none"> <li>Water meters</li> </ul>	75/33/EEC Directive				
	<ul style="list-style-type: none"> <li>Alcohol (hydro-) meters</li> </ul>	76/765/EEC Directive 82/624/EEC Directive				
	<ul style="list-style-type: none"> <li>Medium and above medium accuracy weights</li> </ul>	71/317/EEC Directive 74/148/EEC Directive				
	<ul style="list-style-type: none"> <li>Tyre pressure gauges for motor vehicles</li> </ul>	86/217/EEC Directive				
	<b>Lack of mutual recognition of technical / licensing requirements for non-automatic</b>	90/384/EEC Directive on non-automatic				Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	<p><b>weighing instruments between EU and US</b></p> <p>Requirements (similar to medical devices general):</p> <ul style="list-style-type: none"> <li>- “Essential requirements” must be met (metrological, design, construction)</li> <li>- Conformity assessment; EC declaration of production conformity / EC unit verification / EC type examination</li> <li>- CE marking</li> <li>- (NO CE marking) Bearing manufacturer’s mark or name; maximum capacity</li> </ul>	<p>weighing instruments</p> <p>93/68/EEC Directive</p>				
	<p><b>Lack of mutual recognition of technical / licensing requirements for electromagnetic compatibility between EU and US</b></p> <p>Requirements:</p> <ul style="list-style-type: none"> <li>• Recognizing conformity assessment procedures</li> <li>• CE marking</li> <li>• “Essential requirements” must be met</li> </ul>	<p>89/336/EEC Directive on electromagnetic compatibility</p> <p>92/31/EEC Directive</p> <p>98/13/EC Directive</p>		<p><b>Towards harmonization:</b></p> <ul style="list-style-type: none"> <li>- Agreement on Mutual Recognition in Regulation to Conformity Assessment between the United States and the European Community; Annex on Electromagnetic Compatibility</li> </ul>		Medium
	<p><b>Lack of mutual recognition of technical / licensing requirements for electrical safety between EU and US</b></p> <p>Requirements:</p>	<p>73/23/EEC Directive on electrical safety</p> <p>98/13/EC Directive</p>		<p><b>Towards harmonization:</b></p> <p>Agreement on Mutual Recognition in Regulation to Conformity Assessment between the United States and the European</p>		Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation on NTMs	Actionability
	<ul style="list-style-type: none"> <li>Recognizing conformity assessment procedures</li> <li>CE marking</li> </ul> "Essential requirements" must be met			Community; Annex on Electrical Safety		
<b>DL.33.30</b> - Manufacture of industrial process control	<b>NTM's are the same as for DL.33.20</b>  Requirements are the same as for DL.33.20	Same Council Directives as for DL.33.20				
<b>DL.33.40</b> - Manufacture of optical instruments and photographic equipment						
<b>DL.33.50</b> - Manufacture of watches and clocks						



## 1.18 Automotive Industry

### 1.18.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DM.34.00 -</b> Manufacture of motor vehicles, trailers and semi-trailers	Taxation of cars with high fuel consumption (CAFE = Corporate Average Fuel Economy) / € 0.8-15.4 million/\$ 1-20 million per EU manufacturer	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960072&amp;version=3">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960072&amp;version=3</a>	high	constant	important	Medium
	American Automobile Labelling Act / Publication of “national content”	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060101&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060101&amp;version=2</a>	medium	decreasing	Low	Medium
	Gas Guzzler Tax / Discriminates against EU	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960073&amp;version=4">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960073&amp;version=4</a>	high	constant	medium	Medium
	Trade barriers due to numerous technical specifications.	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm">http://ec.europa.eu/enterprise/tbt/index.cfm</a>	high	constant	High	Medium
	Civil Penalties for violations of statutes and regulations administered by NHTSA pertaining to motor vehicle safety, bumper standards, and consumer information.		medium	increasing	medium	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	TBT: Control of Emissions of Air Pollution From New Motor Vehicles: In-Use Testing for Heavy-Duty Diesel Engines and Vehicles		medium	increasing	medium	Medium
	TBT: Protection of Stratospheric Ozone: Revision of Refrigerant Recovery and Recycling Equipment Standards		medium	increasing	medium	Medium
	TBT: Corporate Average Fuel Economy - Request for Product Plan Information for Model Year 2007-2017 Passenger Cars and 2010-2017 Light Trucks		medium	increasing	medium	Medium
	TBT: Federal Motor Vehicle Safety Standards; Occupant Crash Protection		medium	constant	medium	Medium
	TBT: Federal Motor Vehicle Safety Standards; Roof Crush Resistance		medium	constant	medium	Medium
	TBT: Federal Motor Vehicle Safety Standards; Occupant Protection in Interior Impact		medium	constant	medium	Medium
	TBT: Minimum Safety Standards for Construction of Type I School Buses		medium	constant	medium	Medium
	TBT: Identification Requirements for Buses Manufactured in Two or More Stages		medium	constant	medium	Medium
	National Emission Standards for Hazardous Air Pollutants: Surface Coating of Automobiles and Light-Duty Trucks; National Emission Standards for Hazardous Air Pollutants for Surface Coating of Plastic Parts and Products		medium	constant	medium	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	New Car Assessment Program (NCAP); Safety Labelling		medium	increasing	medium	
	Proposed amendments to the emission control and smog index labels requirements		medium	constant	medium	Medium
	Fuel Economy Labelling of Motor Vehicles: Revisions to Improve Calculation of Fuel Economy Estimates; Proposed Rule		medium	constant	medium	Medium
	TBT: Mercury Switches in Motor Vehicles; Proposed Significant New Use Rule		medium	no trend	medium	
	TBT: Requirements to Reduce Idling Emissions from New and In-Use Trucks, Beginning in 2008		low	no trend	Low	Medium
	TBT: Federal Motor Vehicle Safety Standards; Seating Systems, Occupant Crash Protection, Seat Belt Assembly Anchorages, School Bus Passenger Seating and Crash Protection		low	no trend	Low	Medium
	TBT: Federal Motor Vehicle Safety Standards; Air Brake Systems (truck tractors)		medium	no trend	medium	Medium
	Protection of Stratospheric Ozone: Listing of Substitutes in the Motor Vehicle Air Conditioning Sector Under the Significant New Alternatives Policy (SNAP) Program		low	increasing	Low	Medium
	Size difference of vehicles and engines between US and EU form important barriers to trade.	Hamilton and Quinlan (2005)	High	Constant		Medium

### 1.18.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DM.34.00</b> - Manufacture of motor vehicles, trailers and semi-trailers	Trade barriers due to numerous technical specifications.	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm">http://ec.europa.eu/enterprise/tbt/index.cfm</a>	Medium	Constant	High	Medium
	Size difference of vehicles and engines between US and EU form important barriers to trade.	Hamilton and Quinlan (2005)	High	Constant		Medium



## 1.19 Aerospace and Space Industry

### 1.19.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DM.35.30</b> - Manufacture of aircraft and spacecraft	US subsidies (Boeing)	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=970301&amp;version=4">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=970301&amp;version=4</a>	medium	constant	medium	Low/Medium
	Subsidies to aircraft engine manufacturers (R&D funded by NASA, DoD etc. as dual use technology)	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060121&amp;version=4">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060121&amp;version=4</a>	medium	constant	medium	Low/Medium
	High barriers to US Government utilization of foreign launch vehicle services (e.g. satellites)		High	constant	medium	Low/Medium
	Trade barriers due to numerous technical specifications:	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm">http://ec.europa.eu/enterprise/tbt/index.cfm</a>	High	constant	High	Medium
	<ul style="list-style-type: none"> <li>TBT: Airworthiness Standards, Engine Control System Requirements</li> </ul>	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=258&amp;dspLang=en&amp;nextpage=44&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;bas pays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromfor">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=258&amp;dspLang=en&amp;nextpage=44&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;bas pays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromfor</a>	medium	constant	medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		m=viewCategory				
	<ul style="list-style-type: none"> <li>TBT: Fire Penetration Resistance of Thermal Acoustic Insulation Installed on Transport Category Airplanes</li> </ul>	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=184&amp;dspLang=en&amp;nextpage=30&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=184&amp;dspLang=en&amp;nextpage=30&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>	medium	constant	medium	Low
	<ul style="list-style-type: none"> <li>TBT: Reduction of Fuel Tank Flammability in Transport Category Airplanes</li> </ul>	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=179&amp;dspLang=en&amp;nextpage=30&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=179&amp;dspLang=en&amp;nextpage=30&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>	medium	constant	medium	Low
	<ul style="list-style-type: none"> <li>TBT: Airworthiness Standards; Aircraft Engine Standards Overtorque Limits</li> </ul>	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=383&amp;dspLang=en&amp;nextpage=62&amp;basdatedeb=">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=383&amp;dspLang=en&amp;nextpage=62&amp;basdatedeb=</a>	medium	constant	medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		&basdatefin=&baspays=&bas pays2=USA&basnotifnum=&b asnotifnum2=&bastypepays= CE percent20&baskeywords=&fr omform=viewCategory				
	<ul style="list-style-type: none"> <li>TBT: Production and Airworthiness Approvals, Part Marking, and Miscellaneous Proposals</li> </ul>	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=221&amp;dspLang=en&amp;nextpage=37&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=221&amp;dspLang=en&amp;nextpage=37&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>  <a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=221&amp;dspLang=en&amp;nextpage=37&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=221&amp;dspLang=en&amp;nextpage=37&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>	medium	constant	medium	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		m=viewCategory				
	<ul style="list-style-type: none"> <li>TBT: On-board equipment and instruments: Safety Standards for Flight Guidance Systems and Proposed Revisions to Advisory Circular 25-1329-1A, Automatic Pilot Systems Approval; Proposed Rule and Notice</li> </ul>	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=75&amp;dspLang=en&amp;nextpage=10&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory">http://ec.europa.eu/enterprise/tbt/index.cfm?fuseaction=Search.viewDetail&amp;Country_ID=USA&amp;num=75&amp;dspLang=en&amp;nextpage=10&amp;basdatedeb=&amp;basdatefin=&amp;baspays=&amp;baspays2=USA&amp;basnotifnum=&amp;basnotifnum2=&amp;bastypepays=ANY&amp;baskeywords=&amp;fromform=viewCategory</a>	medium	constant	medium	Medium
	<p>"Buy American" The US aerospace market is by far the biggest in the world. This is true for civil airplanes and the defense market is four times as big as the EU Market, the market provides enormous economies of scale. This public procurement market has been a closed shop for long. Pending order for airborne tanker fleet?</p>	<a href="ftp://ftp.cordis.europa.eu/pub/era/docs/report_star21_en.pdf">ftp://ftp.cordis.europa.eu/pub/era/docs/report_star21_en.pdf</a>  <a href="ftp://ftp.cordis.europa.eu/pub/era/docs/report_star21_en.pdf">ftp://ftp.cordis.europa.eu/pub/era/docs/report_star21_en.pdf</a>	Low	no trend	Medium	Medium
	The absence of meaningful FDI in the Aerospace sector should be a source of concern.	Hamilton and Quinlan (2005)	High		High	
<b>Horizontal</b>	Property rights	<a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=980139&amp;version=4">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=980139&amp;version=4</a>	medium	constant	medium	Low

### 1.19.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
<b>DM.35.30</b> - Manufacture of aircraft and spacecraft	Government Support for Airbus (subsidies) of France, Germany, Spain, United Kingdom	USTR, 2008, National trade estimate report on foreign trade barriers	High	not clear, proceedings	High	Low/Medium
	Government Support for Airbus Suppliers (subsidies) of France, Belgium, Spain, United Kingdom	USTR, 2008, National trade estimate report on foreign trade barriers	medium	constant	medium	Low/Medium
	Government Support for Aircraft Engines (subsidies) of United Kingdom, France	USTR, 2008, National trade estimate report on foreign trade barriers	medium	constant	medium	Low/Medium
	Trade barriers due to numerous technical specifications	<a href="http://ec.europa.eu/enterprise/tbt/index.cfm">http://ec.europa.eu/enterprise/tbt/index.cfm</a>	High	constant	High	Medium
	The absence of meaningful FDI in the Aerospace sector should be a source of concern.	Hamilton and Quinlan (2005)	High		High	



## 1.20 Food and Beverages

### 1.20.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DA.15.10 DA.15.20 DA.15.30 DA.15.40 DA.15.50 DA.15.60 DA.15.70 DA.15.80 DA.15.90	Under the <i>Bioterrorism Act</i> , the US Food and Drug Administration (FDA) requires the registration of all (domestic and foreign) facilities that manufacture, process, pack or hold food for human or animal consumption in the US. The same regulation necessitates food facilities to identify their US agent, which implies that they must have a US agent in order to be registered. Products imported from unregistered food facilities cannot be imported and will be removed to secure storage.	<ul style="list-style-type: none"> <li>▪ Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=040003&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=040003&amp;version=2</a></li> <li>▪ US Customs Border Protection: <a href="http://www.cbp.gov/xp/cgov/trade/priority_trade/import_safety/bioterrorism/bioterrorism_act.xml">http://www.cbp.gov/xp/cgov/trade/priority_trade/import_safety/bioterrorism/bioterrorism_act.xml</a></li> <li>▪ EC &amp; Office of Management and Budget (2007), <i>Review of the application of EU and US regulatory impact assessment guidelines on the analysis of impacts on international trade and investment.</i></li> </ul>	According to FDA, the main cost components are the opportunity cost of the time facilities would need to comply with the regulation and the cost to obtain the services of a US agent. These costs are estimated to be economically significant.	Constant	1	Medium
DA.15.10 DA.15.20 DA.15.30 DA.15.40	Under the <i>Bioterrorism Act</i> , the US Food and Drug Administration (FDA) must be notified in advance of all shipments of human or animal food that are imported or offered for import in the US. Products for which inadequate notice is given cannot be imported	<ul style="list-style-type: none"> <li>▪ Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?ba">http://madb.europa.eu/madb_barriers/barriers_details.htm?ba</a></li> </ul>	High	Constant	1	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DA.15.50 DA.15.60 DA.15.70 DA.15.80 DA.15.90	and will be removed to secure storage.	<ul style="list-style-type: none"> <li> <a href="#">rier_id=040003&amp;version=2</a>            US Customs Border Protection:  <a href="http://www.cbp.gov/xp/cgov/trade/priority_trade/import_safety/bioterrorism/bioterrorism_act.xml">http://www.cbp.gov/xp/cgov/trade/priority_trade/import_safety/bioterrorism/bioterrorism_act.xml</a> </li> <li>US FDA (2003), <i>protecting the US Food Supply: What you need to know about prior notice of imported food shipments</i>.</li> </ul>				
DA.15.10 DA.15.20 DA.15.30 DA.15.40 DA.15.50 DA.15.60 DA.15.70 DA.15.80 DA.15.90	An additional measure of <i>Bioterrorism Act</i> that creates impediments to EU-US trade is the requirement of record-keeping by foreign enterprises to allow traceability of foods, and procedures for the administrative detention of suspect foods.	<ul style="list-style-type: none"> <li>Market Access Database, DG Trade:  <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=040003&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=040003&amp;version=2</a> </li> </ul>	High	Constant	1	Medium
DA.15.50	<b>The Grade A dairy safety document for PMO</b> (Pasteurized Milk Ordinance), which has been jointly produced by FDA (Food and Drug Administration) and NCIMS (National Conference on Interstate Milk Shipments) makes interstate commerce for EU companies almost impossible, by setting a number of rules and	<ul style="list-style-type: none"> <li>Market Access Database, DG Trade:  <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060104&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060104&amp;version=2</a> </li> </ul>	High	Constant	2	High



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>inspection requirements to be met regarding certain dairy products (pasteurised milk and milk based products like fluid milk, cream, cottage cheese and yoghurt). There are three options that foreign exporting firms have in order to enter the US dairy market:</p> <p>(1) the exporting company must sign a contract with a State, which must accept to treat it as if it were within its own jurisdiction (including the inspection and the control of the observance of the US regulation by inspectors of the State several times per annum), or</p> <p>(2) the region/country of the exporting firm must adopt and comply with the US rules, in order to become a member of the Conference, or</p> <p>(3) the programme and the regulations in the exporting country are recognised equivalent to the US programme by the FDA. However, out of the three options the requirements of the first two are almost impossible for EU companies to accomplish, since (1) no Federal State is currently prepared to accept an application from a foreign company or country and (2) full compliance with the Pasteurized Milk Ordinance is almost impossible for a EU company.</p>	<p><a href="#">n=2</a></p> <ul style="list-style-type: none"> <li>EC (2007), <i>The 2006 report on the US barriers to trade and Investment</i>.</li> </ul>				
DA.15.50	<p><b>US dairy promotion and research assessment bill:</b> A plan to implement the Dairy Promotion and Reseach Assessment bill has been part of the discussions on the new Farm Bill. This bill foresees a levy (of \$0.15 per hundredweight of imported dairy products) to be collected on dairy products imported into the United States to support promotion programs.</p>	<ul style="list-style-type: none"> <li>CIAA;</li> <li><a href="http://www.foodnavigator.com/Product-Categories/Dairy-based-ingredients/EU-US-heading-for-conflict-over-dairy-taxes">http://www.foodnavigator.com/Product-Categories/Dairy-based-ingredients/EU-US-heading-for-conflict-over-dairy-taxes</a></li> </ul>	Low	Constant		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DA.15.10	Within the framework of Sanitary and Phytosanitary measures (SPS), US has introduced from 1997 <b>rules on the import of bovine animals and beef from EU, based on concerns about Bovine Spongiform Encephalopathy (BSE).</b>	<ul style="list-style-type: none"> <li>EC (2007), <i>The 2006 report on the US barriers to trade and Investment.</i></li> <li>Sanitary and Phytosanitary Export Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=960083&amp;version=2">http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=960083&amp;version=2</a></li> </ul>	Medium	Decreasing	3	High
DA.15.10	Within the framework of Sanitary and Phytosanitary measures (SPS), <b>imports of uncooked meat products (sausage, ham and bacon) in the US have been subject to a long-standing prohibition.</b> Although some progress has occurred, US still applies a prohibition on certain types of matured meat products even if these originate from disease free regions.	<ul style="list-style-type: none"> <li>EC (2007), <i>The 2006 report on the US barriers to trade and Investment.</i></li> <li>Sanitary and Phytosanitary Export Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=960088&amp;version=2">http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=960088&amp;version=2</a></li> </ul>	Medium	Decreasing	4	High
DA.15.30	Within the framework of Sanitary and Phytosanitary measures (SPS), there are <b>restrictions on the import of fresh fruit in the US due to a stringent inspection programme, cold treatment and lack on progress on Pest Risk Analysis for new varieties and fruits.</b>	<ul style="list-style-type: none"> <li>EC (2007), <i>The 2006 report on the US barriers to trade and Investment.</i></li> <li>Sanitary and Phytosanitary Export Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=040059&amp;version=2">http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=040059&amp;version=2</a></li> </ul>	Medium	Constant	5	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		<a href="#">n=3</a>				
DA.15.10 DA.15.20 DA.15.30 DA.15.40 DA.15.50 DA.15.60 DA.15.70 DA.15.80 DA.15.90	<p>Under the 2001 <b>US National Organic Program (NOP)</b>, a <b>provision exists for imported products to be recognised as organic</b>. According to this provision, agricultural products can be certified as organic in three ways:</p> <p>(1) by a US Department of Agriculture (USDA) accredited certifying agent, or</p> <p>(2) through a USDA recognition of conformity assessment, or</p> <p>(3) through an equivalency determination.</p> <p>Out of the three, the last one is considered to be the most complex and time-consuming arrangement. Nevertheless, equivalency determination is the method through which EU tries to accomplish the certification of its organic products.</p>	<ul style="list-style-type: none"> <li>▪ EC (2007), <i>The 2006 report on the US barriers to trade and Investment</i>.</li> <li>▪ US Department of Agriculture (USDA), Agricultural Marketing Service (AMS): <a href="http://www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateA&amp;navID=NationalOrganicProgram&amp;leftNav=NationalOrganicProgram&amp;page=NONationalOrganicProgramHome&amp;acct=AMSPW">http://www.ams.usda.gov/AMSv1.0/ams.fetchTemplateData.do?template=TemplateA&amp;navID=NationalOrganicProgram&amp;leftNav=NationalOrganicProgram&amp;page=NONationalOrganicProgramHome&amp;acct=AMSPW</a></li> </ul>	Medium	Constant	6	Medium
DA.15.90	<p>Some <b>state laws prevent cross-state retail sales of wines and spirits, prohibit EU exporters from distributing, rebottling, or retailing their own wine, require duplicate label approvals and impose fees and charges</b>. In addition, some States prohibit direct to consumers' shipment of wine to foreign wineries by not providing them with the necessary permits.</p>	<p>Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060043&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=060043&amp;version=2</a></p>	Medium	Constant	7	Low
DA.15.00	<p><b>US farmers continue to receive direct and indirect government support by means of subsidies, protective legislation and tax policies</b>. The most important agricultural programmes that provide support – mainly in the form of direct</p>	<p>EC (2007), <i>The 2006 report on the US barriers to trade and Investment</i>.</p>	Medium	Constant	8	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>amounts of subsidies - for US farmers are:</p> <ul style="list-style-type: none"> <li>▪ the Farm Security and Rural Investment Act of 2002 ("Farm Bill"),</li> <li>▪ the Commodity Loan Programme,</li> <li>▪ the Export Enhancement Programme,</li> <li>▪ the Dairy Export Incentive Programme,</li> <li>▪ the Market Access Programme</li> <li>▪ the Export Credit Guarantee Programme</li> <li>▪ the Food Aid Programmes</li> </ul>					
DA.15.90	<p>There is practically <b>no protection of geographical indications (GIs) of EU wine as such in US labelling regulations</b>, whereas collective trademarks or certification trademark systems are considered insufficient to give full protection. As opposed to GIs, trademarks may be transferred, shall be renewed (otherwise the owner loses his protection), are owned by persons and are subject to private actions.</p>	<ul style="list-style-type: none"> <li>▪ EC (2007), <i>The 2006 report on the US barriers to trade and Investment</i>.</li> <li>▪ Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=085098&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=085098&amp;version=2</a></li> </ul>	Low	Constant	9	High
DA.15.90	<p>Issues regarding the continuing <b>misuse of EU geographical indications (GIs) especially in the wine sector</b> are the source of considerable frustration for EU producers. While the March 2006 wine Agreement between the two parties provided a framework for the sole use of 17 important EU wine GIs only for EU wines labelled after a certain date, the new labelling legislation of Congress in December 2006 aimed to restrict the use of these names to EU products for new wine labels. The fact that these names are still considered in the US as "semi-</p>	<p>Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=075092&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=075092&amp;version=2</a></p>	Low	Constant	10	High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	generics" weakens the reputation of the Community GIs concerned in the US.					
DA.15.90	Under the federal law of "gallonage tax", both <b>produced and imported wines are subject to tax bands according to the alcoholic content</b> . Nevertheless, only small US producers have access to a federal tax credit and tax rebate. In addition, various fiscal measures and excise duties provide for tax breaks and tax credits for small domestic producers at State level, while no similar exemptions/benefits are granted to imported wine.	Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=075091&amp;version=1">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=075091&amp;version=1</a>	Low	Constant	11	
DA.15.20	Under the Marine Mammal Protection Act (MMPA) of 1972, action is taken against domestic and foreign fishing companies which fail to apply specific standards for the protection of dolphins in their tuna fishing operations in the Eastern Tropical Pacific (ETP) ocean. MMPA requires that countries that wish to import from the ETP ocean must receive an "affirmative finding" from the National Marine Fisheries Service (NMFS). The criteria for receiving an "affirmative finding" relate to the membership (or launching and completing the accession within six months) to the Inter-American Tropical Tuna Commission (IATTC) and <b>the need to have a "tuna tracking and verification system" that conforms to the Tuna Tracking and Verification System adopted under the Agreement for International Dolphin Conservation Programme (AIDCP)</b> .	Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960062&amp;version=2">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=960062&amp;version=2</a>	Low	Decreasing	12	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DA.15.10	US have been authorized to impose <b>sanctions on EU imports of beef</b> due to the EU restriction on beef from cattle treated with growth promoting hormones, which is against the WTO ruling.	<ul style="list-style-type: none"> <li>World Trade Organisation (WTO) , Dispute Settlement (Dispute DS320): <a href="http://www.wto.org/english/atratope/dispu_e/cases_e/ds320_e.htm">http://www.wto.org/english/atratope/dispu_e/cases_e/ds320_e.htm</a></li> <li>USTR (2008), <i>The 2008 Trade Policy Agenda and 2007 Annual Report</i></li> </ul>	<ul style="list-style-type: none"> <li>The EU faces a cost of € 89.9 million/\$ 116.8 million annually on its exports to the US.</li> </ul>	Constant	13	High
DA.15.90	Under the section 211 of the Omnibus Appropriations Act, US prohibit the registration or renewal of a trademark or a trade name which is identical or similar to a trademark or trade name used in connection with a business confiscated at the time of the Cuban revolution. US has used section 211 to deny the renewal of the US trademark registration of “Havana Club”, which is the trademark of Havana Club Holdings, a joint venture between Havana Rums and Liquors and Pernod Ricard of France.	Market Access Database, DG Trade: <a href="http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=990079&amp;version=6">http://madb.europa.eu/madb_barriers/barriers_details.htm?barrier_id=990079&amp;version=6</a>	Low	Constant	14	Low
	Every combination of plants and growing media has to be evaluated and a PRA done, furthermore the fish and wildlife authorities have to comment. It may take more than 10 years to have the import requirements set up for a particular combination of plant/growing media. US has agreed to do the <b>Pest Risk Assessment</b> on a EU basis, though, hopefully speeding up the process compared to evaluation done for every member state.	<a href="http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=960081&amp;version=5">http://madb.europa.eu/madb_barriers/sps_barriers_details.htm?barrier_id=960081&amp;version=5</a>	Low	Constant		
<b>Horizontal issues</b>						

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	low	increasing		High
All	<b>Legal Liability Philosophy:</b> Legal liability in the USA is an issue of particular concern not only to European companies but also domestic US firms. Currently, businesses spend millions of dollars in the US defending themselves against frivolous class action lawsuits. Investors urge the finalisation of tort reform and a moratorium on laws with extraterritorial effects.	American Chamber of Commerce in Germany				Low
All	<b>Section 232 of the 1962 Trade Expansion Act:</b> Under Section 232 of the Trade Expansion Act of 1962, US industry can petition for the restriction of imports from third countries on the grounds of national security. Protective measures can be used for an unlimited period of time. The application of Section 232 is not dependent on proof of injury to US industry.  In the past, the EU has voiced its concern that Section 232 gives US manufacturers an opportunity to seek protection on grounds of national security, when in reality the aim is simply to curb foreign competition.	DG Trade Market Access Database	medium	increasing		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	<p><b>Berry Amendment to the 1941 Defence Appropriations Act:</b> its scope has been extended to secure a wide range of products only tangentially-related to national security concerns. The FY2006 Defense Authorization Act (Section 833) contains changes to the Berry Amendment that expand the coverage of this amendment's Buy American provisions. The new language requires DoD to notify Congress within seven days if it awards a contract to a foreign manufacturer and place the contract on a General Services Administration Web site.</p>	DG Trade Market Access Database	Very low	increasing		Low
All	<p><b>Sarbanes-Oxley and International Accounting Standards:</b> The Sarbanes Oxley Act (SOX) was introduced in 2002 as a means to prevent further accounting scandals such as the ENRON case. SOX has proved controversial, particularly with regard to its impact on non-US companies, which are listed on US stock markets. Research shows that additional compliance costs are over 60 percent higher than originally estimated after introduction of SOX. A majority of companies will not manage to fulfill the complicated and expensive SOX Section 404 internal control reporting requirements by the November 2004 deadline. Further, companies operating in the US and Europe face the problem of conflicting requirements, when corporate governance regulations in the US differ from those in their home countries.</p>	American Chamber of Commerce in Germany	low	increasing		
All	<p><b>Buy American Act:</b> The core domestic preference statute governing US procurement. It covers a number of discriminatory measures, generally termed</p>	DG Trade Market Access Database	low			Medium



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>Buy American restrictions, which apply to government-funded purchases. The Buy American Act</p> <p>1) restricts the purchase of supplies, which are not domestic end products, for use within the US. A foreign end product may be purchased if it is determined that the price of the lowest domestic offer is unreasonable or if another exception applies, and</p> <p>2) requires, with some exceptions the use of only domestic construction materials in contracts for construction in the US</p> <p>3) Buy American Act uses a two-part test to define a domestic end product a) the article must be manufactured in the US; and 2) the cost of domestic component must exceed 50 percent of the cost of all the components.</p> <p>Buy American restrictions not only directly reduce the opportunities for EU exports, but via content requirements also discourage US bidders from using European products or services.</p>					
All	<p><b>US Customs Refusal of “Made in EU”:</b></p> <p>US Customs does not recognise the EU as a country of origin, nor does it accept EU certificates of origin. In order to justify EU country of origin status, EU firms are required to furnish supplementary documentation and follow further procedures, which can be a source of additional costs.</p>	DG Trade Market Access Database	low	constant		High
All	<p><b>State-level requirements:</b></p> <p>There are more than 2,700 State and municipal authorities in the US that require particular safety certifications for products sold or installed within their jurisdictions. These requirements are neither</p>	DG Trade Report on US Trade Barriers	medium	?		Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	transparent, nor uniform or consistent with each other.					
All	<p><b>Non-Use of International Standards:</b></p> <p>Although a significant number of US Standards Development Organisations (SDOs) standards often have a high standing internationally for their technical content in the industry sector and are claimed to be technically equivalent to international ones, their process do not require balanced representation, either in terms of nationality (US dominated) or participation of all interested parties and consensus building (NGOs and SMEs interests are not ensured as in ISO and IEC).</p>	DG Trade Market Access Database	high	?		High
	<p><b>Intellectual property</b></p> <ul style="list-style-type: none"> <li>• EU Patent law based on first to invent, not first to file</li> <li>• Copyright law has “home style radio” exemption for music broadcasts in commercial establishment</li> <li>• US refuses to recognize “moral rights” of artist in materials not copyrighted</li> <li>• US restrictions imported materials that violate US IP laws, a remedy not available against domestic producers</li> </ul>	CITRA Presentation	Low	Decreasing		Low
	<p><b>Copyright Issues:</b></p> <p>The US has not yet brought its Copyright Act into compliance with the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs).</p>	DG Trade Report on US Trade Barriers	low	?		

## 1.20.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DA.15.30 DA.15.60	Lack a uniform <b>biotechnology product safety approval process</b> that is predictable and reflects scientific factors in the EU and delays in the biotechnology product approval process, which has resulted in the restriction of a wide variety of US agricultural products' exports and especially corn. Also the detection of a biotechnology rice variety (LL601) in samples of commercial US long grain rice has caused mandatory testing of all bulk shipments upon arrival in EU for a year hindering hence trade.	<ul style="list-style-type: none"> <li>▪ USTR (2008), <i>2008 Trade Policy Agenda, 2007 Annual Report</i></li> <li>▪ US Department of Agriculture (USDA), Foreign Agricultural Service: <a href="http://useu.usmission.gov/agri/GMOs.html">http://useu.usmission.gov/agri/GMOs.html</a></li> </ul>	High	Increasing	1	Medium
DA.15.30 DA.15.60	EC directives regarding the Traceability and Labelling of biotechnology food and feed (EC 1829/2003 and EC 1830/2003)	<ul style="list-style-type: none"> <li>▪ USTR (2008), <i>2008 Trade Policy Agenda, 2007 Annual Report</i></li> <li>▪ US Department of Agriculture (USDA), Foreign Agricultural Service: <a href="http://useu.usmission.gov/agri/GMOs.html">http://useu.usmission.gov/agri/GMOs.html</a></li> </ul>	High	Increasing	1	Medium
DA.15.10	The <b>import of US beef from cattle treated with growth promoting hormones has been prohibited</b> in the EU since the 1980s.	<ul style="list-style-type: none"> <li>▪ World Trade Organisation (WTO) , Dispute Settlement (Dispute DS320): <a href="http://www.wto.org/engli">http://www.wto.org/engli</a></li> </ul>	<ul style="list-style-type: none"> <li>▪ According to the National Cattlemen's Beef Association and the US Meet Export</li> </ul>	Constant	2	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
		<a href="#">sh/tratop_e/dispu_e/cases_e/ds320_e.htm</a> <ul style="list-style-type: none"> <li>USTR (2008), <i>The 2008 Trade Policy Agenda and 2007 Annual Report</i></li> </ul>	Federation, US beef exports to the EU could reach an annual value of € 0.8 billion/\$ 1 billion (as opposed to € 37.7 million/\$ 49 million in 2007) if the restriction was lifted.			
DA.15.10	EU has banned the <b>import of US poultry</b> meat since 1997, due the use of washes of low concentration pathogen reducing treatments (PRTs) by US producers in order to reduce the level of pathogens in poultry production.	<ul style="list-style-type: none"> <li>USTR (2008), <i>The 2008 Trade Policy Agenda and 2007 Annual Report</i></li> <li>USTR, (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i></li> <li>US Department of Agriculture (USDA), Foreign Agricultural Service:  <a href="http://useu.usmission.gov/agri/Pltryexp.html">http://useu.usmission.gov/agri/Pltryexp.html</a></li> </ul>	The USDA Foreign Agricultural Service estimates that the barrier imposes an annual cost of USD 50 million to US poultry exporters.	Constant	3	High
DA.15.30 DA.15.80	<b>EU limits on mycotoxins for products like almonds, peanuts and wheat</b> are lower than maximums set by the US Food and Drug Administration (FDA). Recently there have been an	USTR (2008), <i>The 2007 National Trade Estimate Report on</i>	Medium	Constant	4	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	increased number of US almond shipments rejected at EU ports because import controls have found excessive levels of aflatoxin. The US wheat industry is concerned that EU testing for vomitoxin and orchatoxin in imported wheat shipments will be disruptive for trade.	<i>Foreign Trade Barriers</i>				
DA.15.30 DA.15.80 DA.15.90	<b>The EU system for the protection of geographical indications (GIs) for wines and spirits (Community Regulation 1493/99) and certain agricultural products and foodstuffs</b> (Community Regulation 2081/92). Even after the amendment of the EC food Regulation in 2006, US exporters continue to have some concern about its implementation. In addition, the wines and spirits Regulation remains to be amended in order to incorporate national treatment obligations.	USTR (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i>	Medium	Decreasing	5	Low
DA.15.90	Barriers to bilateral trade in wine arise from <b>EU's derogations for current US wine making practices and restrictions placed upon US wine labels</b> . Labelling issues include the use of the so-called "traditional terms", which for the most part, are terms used with certain other expressions (often GIs) to describe a wine (e.g. "rudy", "tawny" etc.).	<ul style="list-style-type: none"> <li>▪ USTR (2008), <i>The 2008 Trade Policy Agenda and 2007 Annual Report</i></li> <li>▪ USTR, (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i></li> </ul>	Medium	Decreasing	6	Low
DA.15.10	Within the framework of US Sanitary and Phytosanitary Measures (SPS), <b>US pork exports in the EU face barriers regarding, among others, trichinae testing, additional residue testing and a restriction on the use of pathogen reduction treatments (PRTs)</b> .	USTR (2008), <i>2008 Trade Policy Agenda, 2007 Annual Report</i>	Low	Decreasing	7	Medium
DA.15.30	EU growers and producers, particularly in the peach industry,	USTR (2008),	Low	Decreasing	8	

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	continue to receive a range of assistance payments, including producer aid, market withdrawal subsidies, sugar export rebates, producer organisation aid, and regional development assistance, despite the fact that the 1985 US-EU Canned Fruit Agreement imposes some discipline on EU fruit processing subsidies.	<i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i>				
DA.15.10 DA.15.20 DA.15.30 DA.15.40 DA.15.50 DA.15.60 DA.15.70 DA.15.80 DA.15.90	The recently updated <b>EU legislation on organic foods</b> (Council Regulation 834/2007) sets a number of requirements to US exporting products in order to be imported as “organic”. In addition, under the EC Regulation 1918/2002 that establishes the process for a certificate of inspection for imports from third countries, US exporters have to use the EU certificate format. The fact that Member States have several options for implementing the regulation, may lead to additional delays.	US Department of Agriculture (USDA), Foreign Agricultural Service: <a href="http://useu.usmission.gov/agri/organic.html">http://useu.usmission.gov/agri/organic.html</a>	Low	Constant	9	High
DA.15.70	<b>The EC Regulation 1774/2002 on animal by-products has since 2004 imposed some impediments in US exports to EU.</b> Among others, these impediments refer to necessary trade conditions of pet food (i.e. transport and temperature conditions etc).	USTR, (2008), <i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i>	US estimate that € 76.9 million/\$ 100 million exports of by-products in EU are adversely affected to some degree by the regulation. Nevertheless, the affected exports of pet food are only a portion of that amount.	Decreasing	10	Medium
DA.15.80	In some EU countries there are barriers affecting the trade of	USTR (2008),	Low	Constant	11	Medium

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	<p>vitamins and health food products. France has transposed the <b>EU's Food Supplement Directives (2002/46/EC and 2006/37/EC)</b> by a government decree in 2006, which has a broader scope as it additionally includes plants and plant based substances. In Greece, the sale of protein based meal replacement products to pharmacies and specialized stores has been restricted under the implementation of the 2002 Food Supplement Directive (2002/46/EC).</p>	<p><i>The 2007 National Trade Estimate Report on Foreign Trade Barriers</i></p>				
<b>Horizontal issues</b>						
All	<p>The EU does not administer its laws through a single customs administration. Rather, there is a separate agency responsible for the administration of EU customs law in each of the EU's 27 Member States. Even though procedures ensure that EU rules on classification, valuation, origin, and customs procedures are applied uniformly, enforcement may differ throughout the 27 Member States of the EU.</p>	<p>Office of the United States Trade Representative</p>	<p>Medium to High</p>	<p>Decreasing 2004: Agreement with the US on intensified customs co-operation on Container Security</p>		<p>Low</p>
All	<p>As of January 1, 2010, the EU Council Directive 80/181/EEC (Metric Directive) requires the use of metric-only measurement units for most products sold in the EU. Going well beyond labeling, the Metric Directive would make the use of metric-only units obligatory in all aspects of life in the European Union, including on labels, packaging, advertising, catalogs, technical manuals, and user instructions.</p>	<p>Office of the United States Trade Representative 2008</p>	<p>low</p>	<p>Decreasing – the Commission proposed in September 2007 to amend the Directive to</p>		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
				permit an indefinite extension in the use of supplementary units (metric and standard units)		
All	<b>European Patent Convention</b> Considered to result in higher costs than for US patents (e.g. procedures need to be brought in individual Member States)	European Commission	low	Decreasing with work on creating a Community patent and TRIPS		
All	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	low	increasing		High



## 1.21 Iron, Steel and Metal Products

### 1.21.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	Threat of 100% container scanning	BusinessEurope 2007	low	decreasing		High
All	Buy American Act, which causes barriers to access to the US government procurement markets	MAC	medium	constant	1	Medium
All	Tax Code Reporting Requirements applied to foreign owned corporations	MAC	low	Constant		High
All	US Customs Refusal of “Made in EU”	MAC	Very low	Constant		
All	Foreign Investment and National Security Act, which can create excess costs and delays for FDI (security clearance and approval for the merger from the US president based on national security)	MAC	medium	Increasing	2	Low
All	Container Security Initiative, causing delays for all sea cargo	MAC	Very low (very little steel transported)	Increasing		Medium
All	US patent legislation	MAC	Very low	constant		Low
All	Restriction for only companies organized under US legislation to be allowed to lease mineral mines	OECD, National treatment report	Very low	constant		
All	Very limited access of foreign companies to US government support programmes (e.g. Technology	OECD, National	low	constant		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
	Innovation Programme and previous Advanced Technology Programme)	treatment report				
All	Limitations for foreign companies to own or rent land in many US states	OECD, National treatment report	low	constant		
DJ.27.00 - Manufacture of basic metals	Steel Local Content Requirements for locally produced steel in government procurement bids	MAC	low	?		
All	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	low	increasing		
All	Non-use of the metric system	MAC	low	constant		
DJ.28.40 - Forging, pressing, stamping and roll forming of metal; powder metallurgy	Buy American requirement on the procurement of ball and roller bearings	MAC	low	decreasing		Medium

### 1.21.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	Differences in the enforcement of harmonized EU Customs legislation between EU Member States	USTR, 2008	low	decreasing		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	low	increasing		High
All	European Environmental State Aid	DG Environment	Low	increasing		
All	Restriction on public procurement contracts for companies not organised under EC legislation in Belgium	OECD, national treatment report	Low	constant		Medium
All	Concession required for mining rights in Greece for foreign companies	OECD, national treatment report	Low	constant		Medium
DJ.27.22 - Manufacture of steel tubes	Prohibition of stainless steel pipes in gas industry in Greece	USTR (2007)	low	constant		High



## 1.22 Textiles, Clothing and Footwear

### 1.22.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM <sup>6</sup>	Prioritisation NTMs (rank)	Actionability
Customs Rules - HORIZONTAL ISSUE (affect SMEs disproportionately)						
All	<ul style="list-style-type: none"> <li>Clearance formalities, e.g. wrong product classification leading to higher import duties for wool, viscose and cotton products; excessive clearance delays</li> <li>Bond requirement,<sup>7</sup> with liquidation period of 210 days and penalty of 100 percent of value of goods.</li> <li>Additional taxes and duties including MPF, HMT and Cotton fee (all imported cotton products, possibly leading to double taxation)<sup>8</sup></li> <li>Certificate of origin requirements (see also below)</li> <li>Requirement of extensive technical details on product to be provided to customs (particularly issue with wool and cotton).</li> </ul>	EURATEX; Dehousse; Ghemar & Vincent (1999); US Barriers to Trade and Investment Report for 2005; Market Access Database (2008); Importing into the United States. A Guide for Commercial Importers.	high, but depends on product category (e.g. wool, but also complexity of origin certificate increases for products made in several countries)	increasing due to security issues (since 9/11)	very important; particularly to SMEs this is an issue	Medium
Rules of origin requirements						
DB.18.10 DB.18.20	<ul style="list-style-type: none"> <li><i>Marking</i> according to RoO requirements imply loss of 'brand' name such as 'Made in Italy' Exemptions for some</li> </ul>	Dehousse; Ghemar & Vincent (1999);	medium	Decreasing: Trade and Development	important	High

<sup>6</sup> With phasing out of quota (2005) and sharp reductions in tariffs, NTMs are becoming increasingly important in the sector

<sup>7</sup> The main purpose of the Bond is to guarantee that proper entry not only covers the payment of the estimated duties and taxes but also of "any duty and taxes subsequently found to be due" and it guarantees delivery of imported goods into Customs custody if they are found not to comply with applicable laws and regulations.

<sup>8</sup> As this fee is also paid by exporters from the US, it is possible that the tax is levied over raw cotton, exported to Portugal for apparel production, then export of the final Portuguese product back to US, where it faces the same fee once more.

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM <sup>6</sup>	Prioritisation NTMs (rank)	Actionability
DB.18.22 DB.18.23 DB.18.24 DB.18.30 DC.0.00 DC.19.00 DC.19.20 DC.19.30	products (Created in Italy with fabrics made in China), e.g. silk scarves.			Act. But still issues for certain sub-sectors (e.g. scarves, bed and table linen, bedspreads and quilts containing cotton and wool)		
<b>IPR enforcement and counterfeiting</b>						
All	<ul style="list-style-type: none"> <li>Expensive to protect IP<sup>9</sup></li> <li>Several aspects of US IP legislation are inconsistent with US international commitments (e.g. notification of government use of patents).</li> <li>Differences in patenting legislation form EU (and rest or the world): 'first to invent' as opposed to 'first to file' principle. Danger of high litigation costs for EU companies</li> <li>Counterfeiting.</li> </ul>	IFM study for DG Enterprise (2007); EURATEX; Market Access Database	high	EU-US joint strategy to fight global trade in counterfeit and pirate goods	important (this is area where EU producers derive competitive advantage)	Low
<b>Measurements, labeling and marking requirements</b>						
All	<ul style="list-style-type: none"> <li>Marking regulations</li> <li>Strict and complicated labeling requirements; appears to be stricter (or rather more strictly enforced) for importers than for domestic (US) producers.</li> </ul>	<ul style="list-style-type: none"> <li>19 CFR part. 134</li> <li>Textile Fibre Product Identification Act, Wool Product Labeling Act, Fur Product Labeling Act,</li> </ul>	<ul style="list-style-type: none"> <li>high</li> <li>high</li> </ul>	no change	medium	High

<sup>9</sup> The study by IMF for DG Enterprise estimates that protecting a design in the US is six times more expensive than in the for a smaller coverage

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM <sup>6</sup>	Prioritisation NTMs (rank)	Actionability
	<ul style="list-style-type: none"> <li>Different size measurements require adjusted labels for US products (not a legal requirement)</li> </ul>	Sub-Federal legislation <ul style="list-style-type: none"> <li>Dehousse; Ghemar &amp; Vincent (1999); EC DIR 80/181/EEC</li> </ul>	<ul style="list-style-type: none"> <li>moderate</li> </ul>			
<b>Standards</b>						
All	<ul style="list-style-type: none"> <li>Standards still not harmonized across States</li> <li>CA certificates not always recognized - double testing and double certification (cost of getting necessary certificates)</li> </ul>	Fliess & Schonfeld (2006) OECD; IFM study for DG Enterprise (2007).	moderate	Decreasing due to cooperation on CA and MRAs	less important	Low
<b>Other issues</b>						
DB.17.70 DB.17.71 DB.17.72 DB.18.00 DB.18.10 DB.18.20 DB.18.21 DB.18.22 DB.18.23 DB.18.24 DB.18.30 DC.0.00 DC.19.00	Corporate social responsibility – private codes of conduct and consumer awareness. Need to comply with these needs and wishes often costly	Adhkari & Yamamoto (2007); Smakman (2004)	moderate	Increasing		
DB.18.21	Buy American Act and the Berry Amendment, particularly relevant to the Department of Defense. Government	US Barriers to Trade and Investment Report for 2005;	high (restrictive)	no change	less important	Low

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM <sup>6</sup>	Prioritisation NTMs (rank)	Actionability
	procurement of uniforms for the DoD, even relates to content. <sup>10</sup>					
	Step 2 subsidies to US textile mills to buy US Cotton	Rivoli (2005)	moderate	Decreasing. US has indicated it will abolish these.	low	

### 1.22.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
DB17.00-17.72	Standards that differ per EU member states; particularly relevant to flammability technical standards for textiles and products in which they are used <sup>11</sup> Standards still not harmonized across EU. CA certificates not always accepted leading to double checking / testing	'Trends in conformity assessment practices and barriers to trade: final report on survey of cabs and exporters' van de OECD. <a href="http://www.oelis.oecd.org/olis/2006doc.nsf/LinkTo/NT00003B06/USD">http://www.oelis.oecd.org/olis/2006doc.nsf/LinkTo/NT00003B06/USD</a> <a href="FILE/JT03212596.PDF">FILE/JT03212596.PDF</a>	high	Decreasing with progress of internal market and dialogue between US and EU on CA and MRAs	Medium	Low

<sup>10</sup> To comply with Buy American provisions, contracting officers must generally add 50 percent to the price when evaluating offers with non-qualifying country end products against offers with domestic end products. The Berry amendments extends the designation of non-domestic if content is non-local



Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All, particularly relates to preparation and finishing <sup>12</sup> processes and footwear	REACH subjects textile, clothing and footwear firms to a procedure of registration, evaluation, authorization and restriction for large number of chemical substances. Potentially increasing costs substantially. The more 'advanced' the product, the more complicated, as chemicals used in different stages of the process.	Directive.....	moderate	no change	important	Medium
	Labelling and marking requirements <ul style="list-style-type: none"> <li>• Marking regulations</li> <li>• Different size measurements require adjusted labels for EU products (not a legal requirement)</li> </ul>	Directive 80/181/EEC	Moderate	decreasing / no change; Dialogue and agreements to harmonise requirements within WTO and bilaterally		High
All, but particularly those related to textile, leather and fur manufacturing (washing,	Environment; consumers increasingly aware of environmentally unfriendly practices. Need to comply so as to retain markets	IPPC Directive; ECO labeling	moderate	Increasing	important	

<sup>11</sup> E.g. In Italy there is a new fire safety regulation according to which all textiles used in public buildings have to be suddenly washable even though these textiles will never be washed due to their size (theater curtains). Up to now such textiles were flame resistant but not absolutely flameproof. Therefore, we can no longer sell diverse qualities, because these cannot be adjusted technically and in terms of price. In all other European countries this new regulation does not exist.

<sup>12</sup> A typical recipe for dyeing fabric contains 5 preparations each made up of 10 chemical substances and a textile finishers uses hundreds of recipes each year.

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
dyeing, tanning, dressing, etc.)						

## 1.23 Wood and Paper Products

### 1.23.1 NTMs EU – US

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	<b>The (amendment to) Lacey Act</b> - In May 2008, the Lacey Act was amended to extend its scope to all plants, including timber or associated wood products with the objective to combat illegal logging. The amendment added a new requirement for an import declaration, which will oblige importers of covered plants and plant products to list shipment information along with information such as plant scientific name and country of harvest to prove compliance with the Lacey Act requirements. This requirement creates an unequal treatment between the US supplier and importers. Obligatory declarations will be gradually phased in during 2009 and onwards.	MACD	Medium	Increasing		High
All	<b>The application of the Alternative Fuel Mixture Credit to Black Liquor mixtures</b> used by the US pulp and paper industry – The US pulp and paper producers are able to qualify for the Alternative Fuel Mixture Credit (a \$0.50/gallon tax credit) by adding at least 0.1% of diesel to black liquor, a by-product of the chemical pulp making process, because the resultant mixture qualifies as a bio-fuel. According to various international pulp and paper industry, this provides significant monetary aid to the industry in the US and distorts the competition.	<a href="http://www.cep.ca/campaigns/forestry/info/info5_e.pdf">http://www.cep.ca/campaigns/forestry/info/info5_e.pdf</a>	Medium	Decreasing (Change of legislation is already planned by the Obama administration)		High
All (cross-sectoral)	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US	Business Europe,	Low	Increasing		High

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All (cross-sectoral)	Customs-Trade Partnership against Terrorism (C-TPAT) Container Security Initiative, causing delays for all sea cargo	2007 MAC	Medium	Increasing		
All (cross-sectoral)	US patent legislation	MAC	Very low			
All (cross-sectoral)	Threat of 100% container scanning	BusinessEur ope 2007	Low	decreasing		High
All (cross-sectoral)	Buy American Act, which causes barriers to access to the US government procurement markets	MAC	Low	decreasing		Medium
All (cross-sectoral)	Tax Code Reporting Requirements applied to foreign owned corporations	MAC	Low	Constant		High
All (cross-sectoral)	US Customs Refusal of "Made in EU"	MAC	Low	Constant		
DD.20.10 - Sawmilling and planing of wood; impregnation of wood	Standards of inspection, sampling and analyses of treated wood products	WTO notification	low	increasing		
DD.20.20 - Manufacture of veneer sheets; manufacture of plywood, laminboard, particle board,	Standards of inspection, sampling and analyses of treated wood products	WTO notification	low	increasing		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
fibre board and other panels and boards DD.20.20 - Manufacture of veneer sheets; manufacture of plywood, laminboard, particle board, fibre board and other panels and boards	Standards for Treated Timber in Missouri	WTO notification	low	increasing		Low
DD.20.30 - Manufacture of builders' carpentry and joinery	Standards of inspection, sampling and analyses of treated wood products	WTO notification	low	increasing		
DD.20.40 - Manufacture of wooden containers	Standards of inspection, sampling and analyses of treated wood products	WTO notification	low	increasing		
DD.20.51 - Manufacture of other products	Standards of inspection, sampling and analyses of treated wood products	WTO notification	low	increasing		

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
of wood						

### 1.23.2 NTMs US – EU

Name sector + subsector	NTM (detail)	Source	Height NTM	Trend NTM	Prioritisation NTMs (rank)	Actionability
All	Support projects to pulp, paper, and wood processing companies in several EU Member states as part of EU regional support programmes	USTR, 2007	medium	decreasing		Low
All (cross-sectoral)	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Business Europe, 2007	Low	increasing		
DE 21.00 Paper products	EU Ecological-labelling requirement for paper products – The standards used for the voluntary label differ of the EU standards.	USTR, 2008	low	increasing		Medium
All (cross-sectoral)	Differences in the enforcement of the unified EU Customs legislation between EU Member States	USTR, 2008	low	decreasing		

## Annex III Detailed methodology

### III.1 Variables and Data Sources

We follow Anderson and van Wincoop (2003) in the formulation of the empirical model:

$$\ln X_{ij} = \ln \frac{1}{Y_{World}} + \ln \frac{Y_i Y_j}{\Pi_i^{1-\sigma} P_j^{1-\sigma}} + \sum_{k=1}^K \gamma_k (1-\sigma) \ln \tau_{k,ij}$$

Where  $X_{ij}$  is the export from country  $i$  to country  $j$ ,  $\Pi_i$  represent the aggregated barriers to exports of country  $i$  to all markets,  $P$  represents the aggregated barriers for imports of country  $j$  from all markets,  $Y$  is GDP, and  $\tau_{ij}$  is a set of bilateral trade barriers.

The theoretical foundation of the empirical model is more thoroughly described by Anderson and van Wincoop. The essence of the model is that bilateral trade depends on the economic size of the trading partners, and high income economies have greater import demand, and when they search for trading partners the likelihood that they find a trading partner in a large economy is larger than the likelihood of finding a trading partner in a small economy. On the other hand, trade barriers reduce the gains from trading and tend to reduce trade, *ceteris paribus*. Bergstrand and Egger (2007) provide theoretical foundations for estimating gravity equations for FDI flows also.

#### *Description of the data*

At present we have survey information of trade barriers for all goods sectors. When combining the information on bilateral trade flows and other barriers-data with the survey information, we obtain over 15.000 observations of which 5.445 are NTM index observations.

The section below summarise the variable definitions used for gravity estimates of non-tariff measures between the European Union (EU-27) and the United States.

#### *Sectors covered are:*

1. Chemicals
2. Pharmaceuticals
3. Cosmetics
4. Biotechnology
5. Machinery
6. Electronics
7. Office, information and communication equipment
8. Medical, measuring and testing appliances
9. Automotive industry

10. Aerospace and space industry
11. Food and beverages
12. Iron, steel, metal products
13. Textiles, clothing and footwear
14. Wood and paper

The following variables are adopted from Helpman, Melitz and Rubinstein (2007).

#### *Trade data*

The bilateral trade flows are detailed by the sectors above and are from the WITS database (World Integrated Trade Solution). WITS is a World Bank database primarily, from the UNCTAD TRAINS and COMTRADE systems and the World Trade Organization's integrated tariff database (IDB). The trade data include bilateral trade flows for 40 countries over the period 1996-2006, corresponding to the 27 EU Member States, the OECD countries, India and China.

For the 40 country pairs and the 14 sectors we constructed a matrix of trade flows. This matrix represents 40 countries by 40 countries by 14 sectors by 10 years equal to 224,000 observations, consisting of exports from country  $i$  to country  $j$  of sector  $k$  in year  $t$ . Some of these flows are zeros.

#### *Trade protection data*

For the 224,000 observations above we have constructed a matrix of tariffs for exactly the same sectors and country-pairs as above. The tariffs used are average tariffs imposed and the average MFN rate. The source is also WITS.

#### *Country-level data*

Population and real GDP per capita have been obtained from two standard sources: the PennWorld Tables 6.1, and the World Bank's World Development Indicators. We used the Helpman data to construct a number of variables, which can be classified as follows:

1. Geography distance, and whether a country is landlocked or an island.
2. Institutions Legal origin, colonial origin, GATT/WTO membership.
3. Culture Primary language and religion.

We also used data from Rose [2000] and Glick and Rose [2002], as presented on Andrew Rose's web site, to identify whether a country pair belongs to the same currency union or the same FTA. Using these data, we constructed country-pair specific variables, such as the distance between countries  $i$  and  $j$ , whether they share a border, the same legal system and the same colonial origin.

#### *Definition of Variables*

- 1. Distance:** the distance (in km) between importer's  $j$  and exporter's  $i$  capitals (in logs).
- 2. Common border:** a binary variable which equals one if importer  $j$  and exporter  $i$  are neighbours that meet a common physical boundary, and zero otherwise.



**3. Island:** a binary variable which equals one if both importer  $j$  and exporter  $i$  are an island, and zero otherwise.

**4. Landlocked:** a binary variable which equals one if both exporting country  $i$  and importing country  $j$  have no coastline or direct access to sea, and zero otherwise.

**5. Colony:** a binary variable that equals one if importing country  $j$  ever colonized exporting country  $i$  or vice versa, and zero otherwise.

**5.1 Coloniser1-3:** a set of binary variables equalling one if country  $j$  and country  $i$  have shared a coloniser.

**5.2 Short\_Coloniser1-3:** a set of binary variables equalling one if country  $j$  and country  $i$  have shared a short term coloniser.

**6. Currency union:** a binary variable that equals one if importing country  $i$  and exporting country  $i$  use the same currency or if within the country pair money was interchangeable at a 1:1 exchange rate for an extended period of time (see Rose 2000, Glick and Rose 2002 and Rose 2004), and zero otherwise.

**7. Legal system:** a binary variable which equals one if the importing country  $j$  and exporting country  $i$  share the same legal origin, and zero otherwise.

**8. Religion:**  $(\text{percent Protestants in country } i - \text{percent Protestants in country } j) + (\text{percent Catholics in country } i - \text{percent Catholics in country } j) + (\text{percent Muslims in country } i - \text{percent Muslims in country } j)$ .

**9. Tradebloc:** a binary variable that equals one if exporting country  $i$  and importing country  $j$  belong to a common regional trade agreement, and zero otherwise.

**10. Continent:** A binary variable taking the value 1 if the importing and exporting countries lie on the same continent, and zero otherwise.

**12. Exports:** Exports from country  $i$  to country  $j$ .

**13. Imp\_Simpleaverageahs:** Simple average tariff on imports to country  $j$ .

**14. Imp\_Weightedaverageahs:** Trade-weighted average tariff on imports to country  $j$ .

**15. Imp\_Simpleaveragemfn:** Simple average most favoured nation tariff on imports to country  $j$ .

**16. Imp\_Weightedaveragemfn:** Trade-weighted average most favoured nation tariff on imports to country  $j$ .

**17. Productname:** Name of the sector to which the products traded belong.

**18. Imp\_GDP:** Gross domestic product of the importing country  $j$ .

- 19. **Exp\_GDP:** Gross domestic product of the exporting country  $i$ .
- 20. **Imp\_population:** Number of inhabitants in the importing country  $j$ .
- 21. **Exp\_population:** Number of inhabitants in the exporting country  $i$ .
- 22. **Imp\_country:** Name of the importing country.
- 23. **Exp\_country:** Name of the exporting country.
- 24. **Langoff\_1:** An indicator variable taking the value 1 if country  $j$  and country  $i$  have a common official language, and the value zero otherwise.

*Definition of NTM measures*

Let  $N_{ijk}$  denote the index of the non-tariff measures as reported by sector  $k$  firms in country  $i$  when exporting to country  $j$ . We then denote the  $N_{ijk}$  the bilateral non-tariff measure.

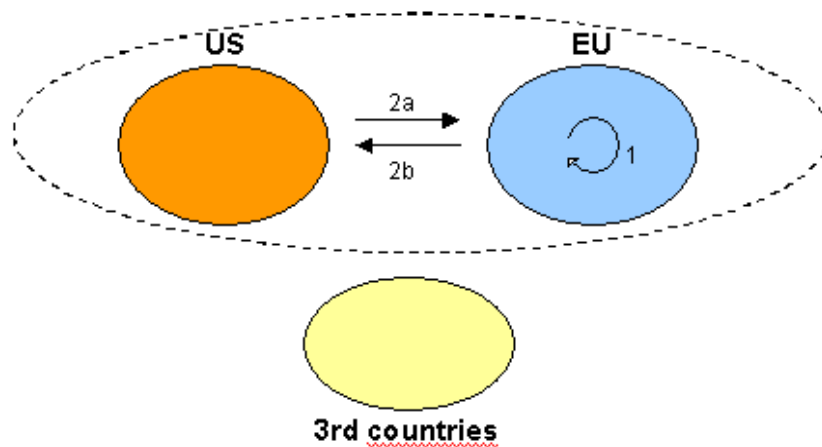
We also define the following barrier measures:

*Intra-EU*

- 1) **Intra-EU barrier:** the average NTM-measure for bilateral flows where both  $i$  and  $j$  are EU27 countries

*Transatlantic*

- 2a) **EU Transatlantic barrier:** the average NTM-measure for bilateral flows where  $i$  is US and  $j$  are EU27 countries
- 2b) **US Transatlantic barrier:** the average NTM-measure for bilateral flows where  $i$  are EU27 countries and  $j$  is US



## III.2 Background paper on gravity methodology

### III.2.1 Introduction

The purpose of this paper is to outline the methodology associated with estimating the “partial” effects of non-tariff barriers on trade flows and foreign direct investment (FDI) flows between European Union (EU) members and the United States (US). The “partial” effect is the direct impact of, say, a particular non-tariff barrier (NTB) on the trade flow from some country  $i$  to some other country  $j$ , holding all other economic variables constant. These estimated partial effects can then be employed in various computable general equilibrium (CGE) economic models to determine the overall gross domestic product (GDP) and economic welfare effects of the elimination of Transatlantic (EU-US) nontariff barriers. CGE models allow for feedback effects on this flow of other variables and behavior in the two countries and the rest-of-the-world ( $ROW$ ) to generate a “general equilibrium” impact.

Section 2 discusses the gravity equation, which has become the workhorse in empirical analyses of international trade and FDI flows for examining empirically the economic factors that explain such flows. The model has become a standard one for estimating the partial effects of various types of trade policy changes on trade and FDI flows.

Section 3 discusses how the gravity equation is used in this particular context to estimate the effects of NTBs on trade and FDI flows, where the novel NTB variable is estimated using business surveys provided by ECORYS.

### III.2.2 Gravity Equation Background

#### *Traditional Gravity Equation*

The “gravity equation” in international trade derives its name from Newton’s Law of Gravitation. Akin to the law of gravity in physics, the “traditional” gravity equation in international trade specifies that the flow of goods (or services) from one country to another country is assumed to be related multiplicatively to the product of the economic sizes of the two countries (reflecting their economic “masses”) and the distance between the economic centers of the two countries. Similar to Newton's Law, the aggregate bilateral trade flow from region  $i$  to region  $j$  is related to both the exporting and importing regions' gross domestic products with coefficients (elasticities) of unity. Dissimilar to Newton's Law, the elasticity for bilateral distance empirically is approximately -0.9, whereas in Newton's Law it is -2.

Early empirical researchers of bilateral aggregate trade flows used this specification—appending various other measures of natural trade costs (such as sharing a common land border) or policy-based trade costs (such as tariff rates or dummy variables for economic integration agreements)—to the log-linear regression specification. Consequently, the

“traditional” gravity equation specified in many early studies such as Tinbergen (1962), Linnemann (1966), Aitken (1973), and Sapir (1981) was similar to:

$$\ln TF_{ijt} = \beta_0 + \beta_1 \ln GDP_{it} + \beta_2 \ln GDP_{jt} + \beta_3 \ln DIST_{ij} + \beta_4 ADJ_{ij} + \beta_5 EEC_{ijt} + e_{ijt} \quad (1)$$

where  $TF_{ijt}$  denotes the trade flow from country  $i$  to country  $j$  in year  $t$ ,  $GDP_{it}$  ( $GDP_{jt}$ ) denotes the gross domestic product of country  $i$  ( $j$ ) in year  $t$ ,  $DIST_{ij}$  denotes the bilateral distance between the economic centers of countries  $i$  and  $j$ ,  $ADJ_{ij}$  is a dummy variable representing the presence (1) or absence (0) of a common land border,  $EEC_{ijt}$  is a dummy variable representing when both countries are (1) or are not (0) members of an economic integration agreement (say, the European Economic Community or EEC) in year  $t$ , and  $e_{ijt}$  is a log-normally distributed error term.

Early empirical researchers estimated the gravity equation using either a cross-section of aggregate bilateral trade flows or a series of cross-sections. At that time, the underlying economic theoretical rationale was attributed to Linnemann (1966), who postulated the following theoretical foundation. Suppose importer  $j$ 's demand for the trade flow from  $i$  to  $j$  is a function of  $j$ 's GDP, the price of the product in  $i$  ( $p_i$ ), and distance from  $i$  to  $j$ . Suppose exporter  $i$ 's supply of goods is a function of  $i$ 's GDP and  $p_i$ . Market clearing would require country  $i$ 's export supply to equal the sum of the  $N - 1$  bilateral import demands (in an  $N$ -country world). This generates a system of  $N + 1$  equations in  $N + 1$  endogenous variables:  $N-1$  bilateral import demands  $X_{ij}^D$  ( $j = 1, \dots, N$  with  $j \neq i$ ), supply variable  $X_i^S$ , and price variable  $p_i$ . This system could be solved for a bilateral trade flow equation for  $X_{ij}$  that is a function of the GDPs of  $i$  and  $j$  and their bilateral distance. Then  $p_i$  is endogenous and excluded from the reduced-form bilateral trade flow gravity equation. The gravity equation has usually been estimated using ordinary least squares (OLS).

In the context of this informal theoretical structure, early applications of the gravity equation—notably, Aitken (1973) and Sapir (1981)—estimated the effects of introducing an economic integration agreement (EIA) on the value of trade between any two members relative to a randomly selected pair of non-EIA countries using dummy variables. For instance, Aitken (1973) used a time series of cross-section data to estimate year-by-year the effects of membership in the European Economic Community (EEC) or the European Free Trade Association (EFTA) on trade values. Aitken reported economically and statistically significant positive effects of membership on trade; he interpreted the effects largely as the reduction and elimination of tariff rates between members as the primary source of the reduction in bilateral trade costs that boosted two members' trade relative to a pair of countries that were not members. Sapir (1981) used the same methodology to estimate the trade-redirection effects of membership in the Generalized System of Preferences. Similarly, Sapir found economically and statistically significant positive effects of GSP membership on trade flows.

Since then the gravity equation has been used to estimate the effects of numerous different types of bilateral trade costs on trade flows. Some of the variables examined other than dummies for EIAs include the presence or absence of a common language (cf., Melitz, 2008), the stock of immigrants in the host country (cf., Gould, 1994), membership

in a currency union (cf., Rose, 2000), exchange rate volatility (Thursby and Thursby, 1987), landlocked status, and common colonial heritage.

### III.2.3 Theoretical Rationales for Gravity Equations

The popularity of the gravity equation and its robust statistical power for explaining aggregate bilateral trade flows led to interest in more formal theoretical economic foundations for the gravity equation. Anderson (1979) provided the first formal theoretical economic foundation for the gravity equation that generated its multiplicative form, followed by Bergstrand (1985). See Anderson and van Wincoop (2004) for a useful review of the theoretical literature.

### III.2.4 Conditional General Equilibrium Approaches

There are several keys to generating the basic structure for a bilateral trade flow gravity equation in an  $N$ -country world. For brevity, we discuss first the theoretical foundation in Anderson and van Wincoop (2004), which provides the critical key elements to understanding the foundation for the gravity equations.

The first assumption is that of “trade separability.” This assumption ensures that the underlying gravity model is a “conditional” general equilibrium (GE) model in which supply of and expenditure on classes of goods may be taken as given in the analysis of bilateral shipment patterns. Trade separability ensures that the decisions of firms regarding production levels are separable from the allocation of their given output across home and foreign markets. Also, the separability assumption ensures that household (or firm) decisions regarding overall expenditures on classes of goods are separable from the allocation of their given expenditures across home and foreign varieties of those goods. A second assumption is that products are differentiated by place of origin. A third assumption is that preferences across varieties can be represented by a nested constant-elasticity-of-substitution (CES) sub-expenditure function.<sup>13</sup> The combination of these three assumptions yields standard bilateral import demand functions.

The (true) CES cost of living index  $P_k^j$  for goods class  $k$  in location  $j$  is defined by

$$P_k^j \equiv \sum_j \left[ (\beta_k^i \tilde{p}_k^i t_k^{ij})^{1-\sigma_k} \right]^{1/(1-\sigma_k)},$$

where (i) delivered price of good  $k$  from origin  $i$  at destination  $j$ ,  $\tilde{p}_k^i t_k^{ij}$ , is the product of the cost of production  $\tilde{p}_k^i$  and the distribution factor  $t_k^{ij} > 1$ , (ii)  $\sigma_k$  is the elasticity of substitution parameter for goods class  $k$  and (iii)  $(\beta_k^i)^{1-\sigma_k}$  is a quality parameter for goods from  $i$  in class  $k$ . The distribution or trade cost factors  $\{t_k^{ij}\}$  are assumed to be constant with respect to trade volumes, the iceberg-melting assumption. The iceberg metaphor implies that in each sector  $k$  the technology of production is the same as the technology of

<sup>13</sup>This setup implies that variety in goods consumed is valued—trade from more sources raises utility (or productivity).

distribution. The  $t$ 's are not observable directly and the main point of the gravity model is to estimate them as functions of observables.

The expenditure share for class  $k$  in  $j$ , by Shephard's Lemma, is given by

$$\frac{\partial P_k^j P_k^{ij}}{\partial P_k^{ij} P_k^j} = \left\{ \frac{\beta_k^i \tilde{p}_k^i t_k^{ij}}{P_k^j} \right\}^{1-\sigma_k}$$

Denote the expenditure in destination  $j$  on product class  $k$  as  $E_k^j$ . This is given in conditional general equilibrium, while in the full general equilibrium  $\{E_k^j\}$  is determined in each destination  $j$  as a function of the vector of price aggregates  $\{P_k^j\}$ . Let the value of shipments at *delivered* prices from origin  $i$  in product class  $k$  be denoted by  $Y_k^i$ . In conditional general equilibrium, the  $Y$ 's are given, while in the full general equilibrium they are determined by allocating resources across goods classes  $k$  based on price aggregators reflecting the difficulty of shipment that we now develop.

Market clearance requires:

$$Y_k^i = \sum_j E_k^j \left\{ \frac{\beta_k^i \tilde{p}_k^i t_k^{ij}}{P_k^j} \right\}^{1-\sigma_k} \quad (2)$$

Now solve (2) for the quality adjusted unit costs  $\{\beta_k^i \tilde{p}_k^i\}$ :

$$(\beta_k^i \tilde{p}_k^i)^{1-\sigma_k} = \frac{Y_k^i}{\sum_j (t_k^{ij} / P_k^j)^{1-\sigma_k} E_k^j} \quad (3)$$

Based on the denominator in (3), define

$$(\Pi_k^i)^{1-\sigma_k} \equiv \sum_j \left\{ \frac{t_k^{ij}}{P_k^j} \right\}^{1-\sigma_k} \frac{E_k^j}{\sum_j E_k^j}.$$

Now substitute for quality adjusted unit costs from (3) in the definition of the true cost of living index, using the definition of the  $\Pi$ 's:

$$(P_k^i)^{1-\sigma_k} = \sum_i \left\{ \frac{t_k^{ij}}{\Pi_k^i} \right\}^{1-\sigma_k} \frac{Y_k^j}{\sum_i Y_k^i} \quad (4)$$

Collect this with the definition of the  $\Pi$ 's:

$$(\Pi_k^j)^{1-\sigma_k} = \sum_j \left\{ \frac{t_k^{ij}}{P_k^j} \right\}^{1-\sigma_k} \frac{E_k^j}{\sum_j E_k^j} \quad (5)$$

These two sets of equations jointly determine the inward multilateral resistances, the  $P$ 's, and the outward multilateral resistances, the  $\Pi$ 's, given the expenditure and supply shares

and the bilateral trade costs, subject to a normalization. A normalization of the  $\Pi$ 's is needed to determine the  $P$ 's and  $\Pi$ 's because (4)-(5) determine them only up to a scalar.<sup>14</sup>

The CES specification of within-class expenditure shares, after substitution from (3), implies the gravity equation

$$X_k^{ij} = \left\{ \frac{t_k^{ij}}{\Pi_k^i P_k^j} \right\}^{1-\sigma_k} \frac{Y_k^i E_k^j}{\sum_i Y_k^i}. \quad (6)$$

The frictionless trade flow is given by  $Y_k^i E_k^j / \sum_i Y_k^i$ . Gravity reveals that trade frictions modify the frictionless flow by a power transform of the relative trade costs  $t_k^{ij} / (\Pi_k^i P_k^j)$ .

In practice, the estimation of a stochastic version of (6) is usually done by controlling for the effects of  $E_k^j (P_k^j)^{\sigma_k-1}$  and  $Y_k^i (\Pi_k^i)^{\sigma_k-1}$  with importer and exporter fixed effects. Simplicity recommends this procedure (Feenstra, 2004) but it also has the virtue of avoiding possible specification error. It may well be that there are importer or exporter specific variables that affect bilateral trade and are not captured in the variables to be used to proxy the behavior of the  $t$ 's. This property of the fixed effects estimation will be evident below as we interpret the results of our attempts to capture the effect of NTB's on trade volumes and the accompanying attempts to construct useful  $t$ 's.

### III.2.5 Unconditional General Equilibrium Approaches

The conditional general equilibrium approach encompasses wide classes of general equilibrium models of production and trade. Similar forms of the gravity equation can be obtained by imposing structure on the upper level of general equilibrium and exploiting the specification of the structure in the gravity estimation. Trade separability is retained.

For instance, we can relax the assumption that the  $\beta_k^i$  parameters are given. These parameters can be shown to reflect the number of varieties of products offered in each producing country in goods class  $k$ ; more varieties offered will imply more goods class  $k$  purchases by consumers in any destination country. The easiest method to model endogenous numbers of varieties is to introduce a simple Dixit-Stiglitz increasing returns/monopolistic competition production function and market structure, as in Krugman (1980).

Bergstrand, Egger and Larch (2007) show that a similar gravity equation surfaces (in a model where in effect there is one goods class), generating identical coefficients in estimation.<sup>15</sup>

<sup>14</sup> If  $\{P_k^0, \Pi_k^0\}$  is a solution to (4)-(5), then so is  $\{\lambda P_k^0, \Pi_k^0 / \lambda\}$  for any positive scalar  $\lambda$ , where  $P_k$  denotes the vector of  $P$ 's and the superscript 0 denotes a particular value of this vector and similarly for  $\Pi_k$ .

<sup>15</sup> They also show that, under symmetric bilateral trade costs as in Anderson and van Wincoop (2003), identical comparative statics are obtained. However, Bergstrand, Egger and Larch (2007) derive their gravity equation allowing asymmetric bilateral trade costs and generate comparative statics under this less restrictive assumption.

Eaton and Kortum (2002) derive a similar gravity equation using a Ricardian framework with heterogeneous productivities among countries, again with in effect one goods class. They also provide comparative statics.

Models such as those in Anderson and van Wincoop (2003, 2004), Eaton and Kortum (2002), and Bergstrand, Egger, and Larch (2007) have all focused on trade flows in the absence of foreign direct investment, migration, and multinational enterprises. However, the gravity relationships between bilateral trade flows with economic size, economic similarity, and trade costs can also be derived in unconditional GE models with foreign direct investment (FDI), multinationals, foreign affiliate sales, and migration of skilled workers. Moreover, one can show that the relationships between FDI (skilled migrant) flows with economic size, economic similarity, and bilateral investment (migration) costs also display a “gravity-like” relationship, cf., Bergstrand and Egger (2007) for trade and FDI and Bergstrand, Egger, and Larch (2008) for trade, FDI, and skilled migration.

### III.2.6 Application to Non-Tariff Barriers

Given this methodological background, the gravity equation can be used potentially to estimate the effects of non-tariff barriers (NTBs), as well as tariffs and other “trade costs,” on bilateral trade flow values. The methodology also rationalizes estimates of elasticities of substitution by industry. This section discusses the application of this methodology to the study of NTBs.

#### *Methodology for Trade Flows*

The methodology described in section 2.2 can be applied at the industry (or sectoral) level, although most previous gravity equations have been estimated at the aggregate level. Indeed, Anderson and van Wincoop (2004) call for disaggregation because it is plausible that there is a lot of cross-sectoral variation in what matters for the trade costs and aggregation will bias the estimation of trade costs.

Employing country fixed effects to a stochastic version of (6), suppressing the goods class subscript  $k$  and bringing the directional trade indicator  $ij$  down to the subscript position for simplicity:

$$\ln X_{ij} = a_i + b_j - (\sigma - 1) \ln t_{ij} + \epsilon_{ij} \quad (7)$$

where  $t_{ij}$  represents all (gross) bilateral “trade costs” and  $X_{ij}$  represents delivered costs, including tariffs.<sup>16</sup> For instance, if the bilateral tariff rate of country  $j$  on country  $i$ 's product is 5 percent,  $t_{ij} = 1.05$  if tariffs are the only trade friction. It is important to note that a variable expressed in the form of a gross trade cost yields a point estimate of the (price) elasticity of substitution ( $\sigma$ ) in that industry (which is useful for the comparative static exercises that will be used subsequently).

<sup>16</sup> The logic of the derivation of the gravity model suggests that  $X$ 's be valued at cif prices. For estimation purposes it makes little difference, remembering that if imports are valued at cif prices, the interpretation of the coefficient on the tariff becomes  $-\sigma$ .



Since the world is not so generous as to allow observations of “ $t_{ij}$ ,” the literature has appealed to examining a wide array of possible factors that can explain bilateral trade costs. Many of the ones examined in this analysis were found in Rose (2004). Since the focus of this analysis is estimation of the effects of trade policies, such as tariffs and non-tariff barriers on trade flows, and estimation of elasticities (of substitution), we specify the trade cost equation that will be estimated as:

$$\ln t_{ij} = \ln(1 + T_{ij}) + \gamma \ln N_{ij} + \delta \ln Dist_{ij} + \zeta dumAdj_{ij} + \eta dumCont_{ij} + \theta dumLang_{ij} + e_{ij} \quad (8)$$

where  $T_{ij}$  denotes the tariff rate on product  $k$  imported by country  $j$  from country  $i$ ,  $N_{ij}$  denotes an average NTB index of importer  $j$  against exporter  $i$ ,  $\ln Dist_{ij}$  denotes the (natural) log of the bilateral distance between the economic centers of countries  $i$  and  $j$ ,  $dumAdj_{ij}$  is a dummy variable having the value 1 (0) if countries  $i$  and  $j$  share (do not share) a common land border,  $dumCont_{ij}$  is a dummy variable having the value 1 (0) if both countries are on (not on) the same continent,  $dumLang_{ij}$  is a dummy variable having the value 1 (0) if both countries' primary language is the same (not the same), and  $e_{ij}$  is a normally distributed error term.

The NTB control  $N_{ij}$  is defined in several ways in the empirical work. One benchmark version is:

$$\ln N_{ij} = v_{EEA} \ln(1 + d_{EEA} NTB_j) + v_{NAFTA} \ln(1 + d_{NAFTA} NTB_j) + v_{ATLAN} \ln(1 + d_{ATLAN} NTB_j) \quad (9)$$

Here  $NTB_j$  is the raw data nontariff barrier index for importer  $j$ , an average opinion across all its trading partners. Use of  $NTB_j$  is a response to limited data. First, (due to the limitations of the survey—small response numbers in each bilateral response cell) we can usefully apply only NTB restrictiveness estimates by importing country, not bilaterally.<sup>17</sup> Thus we have  $NTB_j$ , not  $NTB_{ij}$ . Second, while each exporting country might in principle respond differentially to the average NTB of a trading partner, (i) we have a firm theoretical ground only for specifying differential response by membership in particular groups, and (ii) some of the differential response by exporter will be soaked up by exporter fixed effects. In equation (9), the first term captures the average effect of the NTB of importer  $j$  when both  $j$  and its partner are EEA members. The second term (once corrected as above) represents the effect of the NTB of importer  $j$  when  $j$  and the exporter are both members of NAFTA. The third term represents the effect of the NTB of importer  $j$  when  $j$  and the exporter are in disjoint groups, either EEA or NAFTA; ATLAN denotes one country in EEA and the other in NAFTA.

$T_{ij}$  (=  $dum_{ij} T_j$ ) is modelled as the product of the MFN tariff in  $j$  on good  $k$  times a FTA dummy variable that is equal to one when  $i$  and  $j$  are not members of a FTA and equal to zero when both are FTA partners. It is in principle possible to model  $T_{ij}$  more elaborately by analogy with the treatment of  $N_{ij}$ , but our treatment has a clear theoretical justification.

<sup>17</sup> Low response rates associated with the survey of businesses in non-EEA countries implied that a higher quality measure of the degree of (perceived) NTMs faced by an exporter in any representative, for export to importer  $j$  was obtained by averaging importer  $j$  responses across all exporters by various country groupings.

Combining (8) with (7), we recognize that the coefficient on  $\ln(1 + T_{ij})$  is equal to  $1 - \sigma$ . The other variables have coefficients that contain  $1 - \sigma$  as a factor. Since our model will be estimated across country pairs  $ij$  for each industry  $k$ , the coefficient estimates (and elasticities) will vary across industries.

In the context of the theory, the overall effect of NTBs multilaterally for any country  $j$  is captured by its country-and-time fixed effect. The coefficients for the *bilateral* NTB variables can be interpreted as—for some given level of NTBs multilaterally—the effect on a particular pairing of countries of being a member of some group “m.” For instance, suppose  $m$  denotes membership of a country pair in the European Economic Area (EEA). We would expect common membership of two countries in the EEA to have a larger impact on the volume of trade the higher are the importing country's NTBs, meaning that  $(1 - \sigma)v_{EEA} > 0$ . Conversely, suppose  $m$  denotes a pairing of NAFTA and EEA countries, which do not have an economic integration agreement that reduces NTBs between them. The coefficient estimate  $(1 - \sigma)v_{ATLAN}$  for this pair of countries should be negative, as the trade of any pair of Transatlantic NAFTA-EEA countries would be diminished the higher the average level of the importer's NTBs.

With these regularity assumptions the model can be used to calculate tariff equivalents of NTB's, at least in a differenced form that is useful for policy implications. The volume effect of the NTB of NAFTA member  $j$  on EEA exports is given by  $v_{ATLAN} \ln(1 + d_{ATLAN} NTB_j)$ . The same volume effect would be induced by a tariff equivalent  $t_{EEA,j}$  such that

$$-\sigma \ln(1 + t_{EEA,j}) = v_{ATLAN} \ln(1 + d_{ATLAN} NTB_j). \quad (10)$$

Then  $t_{EEA,j}$  is readily solved from this equation. It is to be interpreted as the tariff equivalent surcharge faced by EU exporters to  $j$  relative to a *baseline NTB tariff equivalent that implicitly affects all exporters to  $j$  alike*.

A similar use of the estimated model can reveal a more potentially practical policy experiment. It is unlikely that the NTB index can be driven to zero. More practically, focus on the trade cost differential due to the difference between the US NTB index and the EU average index. Then solve for the trade cost difference  $\tau_j$  in

$$\Delta \ln(1 + \tau_{EEA,j}) = \frac{v_{ATLAN}}{\sigma} \left[ \ln(1 + d_{ATLAN} NTB_j) - \ln(1 + d_{ATLAN} NTB_b) \right] \quad (11)$$

where  $NTB_b$  is the benchmark NTB index.

In recognition that EIA membership may affect trade volumes by means not captured in specification (7)-(8), an alternative specification adds membership dummies for EEA and NAFTA membership to (7), with coefficients  $\delta_{EEA}$  and  $\delta_{NAFTA}$ . If country  $j$  is a member of NAFTA for example, its trade with the EEA is also affected by the NAFTA membership dummy  $\delta_{NAFTA}$  and by the EEA dummy  $\delta_{EEA}$ . The  $\delta$ s pick up trade displacing effects of membership in an agreement that arise independently of tariffs and NTBs. These may be equal to zero, but the model allows a recognition that the EEA trade may be special in ways not picked up by the other gravity controls. (If the only way that membership in an agreement affected trade volume was through tariffs and NTBs, the direct controls for these (illustrated for NTBs by the terms in (9)) would render the dummies  $\delta_{NAFTA}$  and  $\delta_{EEA}$  insignificant. If we omitted  $N_{ij}$ , then the average effect of the NTB's would show up in the  $\delta$ s.)

### III.2.7 Methodology for FDI Flows

Motivated by theoretical foundations in an unconditional general equilibrium model in Bergstrand and Egger (2007), a similar methodology can be applied to FDI flows. As noted earlier, Bergstrand and Egger (2007) provide the first formal theoretical economic foundation for estimating gravity equations simultaneously for FDI as well as trade. In the context of the analysis here, most of the observed trade and FDI flow are among developed economies. Markusen (2002) summarizes the state of the literature on major economic determinants of foreign affiliate sales (FAS) among developed economies. Using a 2-country-2-good, 2-factor general equilibrium framework, numerous relationships are derived along with testable implications. A prominent aspect of the Markusen (2002) framework is that it gives rise to the existence of national (exporting) firms (modeled with a headquarters and a plant based in the same country) along with multinational enterprises (modeled with a headquarters and plant in one country, but additional plants in foreign countries). The model is rich and has been shown to explain empirically cross-country-pair variation in bilateral foreign affiliate sales, a measure of multinational enterprise (MNE) activity.

Bergstrand and Egger (2007) extended the Markusen 2x2x2 “knowledge-capital” MNE model to 3 factors and 3 countries to address two shortcomings. First, the existing theory is, as Markusen (2002, p. 8) noted, related “more closely to affiliate output and sales than to investment stocks.” Using only two internationally immobile factors of production, skilled and unskilled labor, there is no role for foreign direct investment (either in a “Mundellian” physical capital sense, or claims to such physical capital). Bergstrand and Egger (2007) introduce a third, (imperfectly) internationally mobile factor, physical capital; their model includes explicitly FDI as well as FAS. The presence of the third factor allows national and multinational firms to coexist for pairs of countries with *identical* relative *and* absolute factor endowments, such as the EEA and US. Second, by introducing a third country, Bergstrand and Egger (2007) are able to motivate a gravity equation for FDI flows -- simultaneous with a gravity equation for trade flows -- to explain bilateral FDI flows in an N-country world. Bergstrand and Egger (2007) provide empirical evidence supporting similar gravity relationships among exporter and importer GDPs, bilateral distance, and other bilateral impediments for FDI flows as for trade flows.

Based upon this theoretical foundation, the specification for FDI flows here will parallel that for trade flows with the exception that the absence of “tariffs” on FDI flows precludes the presence of a tariff-rate variable, whose presence in the trade specification allowed for estimation of the elasticity of substitutions. However, the elasticities of substitution estimated for trade flows apply to industries, and hence theoretically represent the same elasticities influencing the relationships between RHS variables and FDI flows as for trade flows. In the presence of estimated relationships between bilateral NTBs creating investment costs affecting FDI flows, the combination of estimated elasticities of substitution discussed above along with estimated coefficients for NTB variables interacted with appropriate dummy variables (as discussed above for trade flows) will generate estimated *ad valorem* equivalent “bilateral investment (NTB) costs.”

### III.2.8 References

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### III.3 CGE Tables

Table III.1 Underlying regression-based estimates: Estimated Trans-Atlantic trade cost reductions linked to NTMs

No	Name	Estimated price elasticity	Intra-EU preference margin	Comparable US margin	Trans-Atlantic offset margins	Net NTB reduction: US exports to EU	Net NTB reduction: EU exports to US
	SERVICES (excluding travel, transport)	-1.98				13.0	7.6
1	Travel						
2	Transport						
3	Financial services	-2.04				11.3	31.7
4	ICT services	-3.18				14.9	3.9
5	Insurance	-3.18				10.8	19.1
6	Communications	-3.18				11.7	1.7
7	Construction	-4.21				4.6	2.5
8	Other business services	-3.18				14.9	3.9
9	Personal, cultural & recreational services	-8.71				4.4	2.5
10	Chemicals	-5.09	23.9	21.0	0.0	23.9	21.0
11	Pharmaceuticals	-9.55	24.0	18.2	8.7	15.3	9.5
12	Cosmetics	-4.77	34.6	32.4	0.0	34.6	32.4
14	Machinery	-9.71					
15	Electronics	-12.22			-6.5	6.5	6.5
16	Office & communications equipment	-7.14	8.9	12.7	-10.2	19.1	22.9
17	Medical, measuring & testing appliances	-6.98					
18	Automotive	-7.14	16.3	17.6	-9.2	25.5	26.8
19	Aerospace	-7.14	18.8	19.1	0.0	18.8	19.1
20	Food & Beverages	-2.46	56.8	73.3	0.0	56.8	73.3
21	Metals	-13.01	11.9	17.0	0.0	11.9	17.0
22	Textiles & clothing	-7.17	11.0	8.5	-8.2	19.2	16.7
23	Wood & paper products	-7.99	11.3	7.7	0.0	11.3	7.7

Note: for goods, estimates are based on intra-EU effects and index levels (so US effects are mapped from relative indexes)  
Services estimates are based on estimated NTB elasticities and indexes.

Table III.2 Percentage reduction in NTMs – ambitious scenario

Sector*	Potential barrier reduction (%)**		Weighted barriers cost/rent EU - US (%)***		Weighted barriers cost/rent US - EU (%)***	
	'Exact' EU - US	'Exact' US - EU	Cost	Rent	Cost	Rent
Aerospace	51	59	54%	46%	56%	44%
Automobile	42	48	65%	35%	67%	33%
Chemicals	57	63	67%	33%	61%	39%
Communication	66	70	41%	59%	52%	48%
Electronics	39	41	64%	36%	65%	35%

Sector*	Potential barrier reduction (%)**		Weighted barriers cost/rent EU - US (%)***		Weighted barriers cost/rent US - EU (%)***	
Cosmetics	52	58	66%	34%	73%	27%
Financial	55	49	56%	44%	41%	59%
Insurance	48	52	60%	40%	50%	50%
Food & beverages	51	53	64%	39%	69%	33%
Office equipment	51	52	68%	32%	58%	42%
Pharmaceuticals	47	42	60%	40%	68%	32%
Transport	59	56	27%	73%	32%	68%
Biotechnology	42	41	66%	34%	35%	65%
ICT	43	35	86%	14%	55%	45%
Construction	57	38	57%	43%	72%	28%
Machinery	49	55	54%	46%	61%	39%
Medical	42	45	65%	35%	54%	46%
Other business services	49	51	37%	63%	59%	41%
Personal, recreational services	47	37	24%	76%	39%	61%
Steel	50	62	66%	34%	36%	64%
Textiles	54	50	76%	24%	68%	32%
Wood	61	60	77%	23%	70%	27%
Travel services	48	40	75%	26%	55%	45%
	<b>53</b>	<b>52</b>	<b>59.8%</b>	<b>40.3%</b>	<b>56.3%</b>	<b>43.7%</b>

Table III.3 Percentage reductions in NTMs – modest scenario (=50% of the ambitious scenario across all sectors: same ratios cost/rent)

Sector*	Potential barrier reduction (%)**		Weighted barriers cost/rent EU - US (%)***		Weighted barriers cost/rent US - EU (%)***	
	'Exact' EU – US	'Exact' US – EU	EU - US	US - EU	Cost	Rent
Aerospace	25	30	54%	46%	56%	44%
Automobile	21	24	65%	35%	67%	33%
Chemicals	28	31	67%	33%	61%	39%
Communication	33	35	41%	59%	52%	48%
Electronics	19	21	64%	36%	65%	35%
Cosmetics	26	29	66%	34%	73%	27%
Financial	28	25	56%	44%	41%	59%
Insurance	24	26	60%	40%	50%	50%
Food & beverages	26	27	64%	39%	69%	33%
Office equipment	25	26	68%	32%	58%	42%
Pharmaceuticals	24	21	60%	40%	68%	32%
Transport	30	28	27%	73%	32%	68%
Biotechnology	21	21	66%	34%	35%	65%
ICT	21	17	86%	14%	55%	45%
Construction	29	19	57%	43%	72%	28%
Machinery	25	28	54%	46%	61%	39%
Medical	21	23	65%	35%	54%	46%

Sector*	Potential barrier reduction (%)**		Weighted barriers cost/rent EU - US (%)***		Weighted barriers cost/rent US - EU (%)***	
Other business services	25	25	37%	63%	59%	41%
Personal, recreational services	23	18	24%	76%	39%	61%
Steel	25	31	66%	34%	36%	64%
Textiles	27	25	76%	24%	68%	32%
Wood	30	30	77%	23%	70%	27%
Travel services	24	20	75%	26%	55%	45%
	<b>26</b>	<b>26</b>	<b>59.8%</b>	<b>40.3%</b>	<b>56.3%</b>	<b>43.7%</b>

\* As sectors, we have taken all 23 sectors specified for Phase 1 of the study - even though there is a focus on only 12 of them for Phase 2. This is done to facilitate the CGE work.

\*\* We have calculated the potential barrier reduction by looking at all the barriers identified by literature, experts and business survey. We have then prioritised each barrier on a 1-5 scale and given a rough estimate of how much each barrier could potentially be reduced (economically/technically - in case of political will to do so). The totals we have added up per sector and rounded off to a 5-point scale.

\*\*\* The weighted percentage of barriers that cause cost increases, cause rents or both is calculated by looking at each identified barrier in business survey, literature and by our sector experts. For each barrier it is defined whether it is cost inducing, rent inducing or (in some small number of cases) both (in which case the effect is split 50%-50%). This assessment is then combined with the relative importance of the barrier (to take into account the relative difference between important and less important barriers) to give a weighted average of barriers and the effects they cause.

Table III.4 Percentage reductions in NTMs – ambitious scenario

Sector*	Pot. Barrier reduction cross-cutting		Pot. Barrier reduction sector-specific		100% scanning*		IPR**		Government procurement***	
	'Exact' EU - US	'Exact' US - EU	'Exact' EU - US	'Exact' US - EU	'Exact' EU - US	'Exact' US - EU	'Exact' EU - US	'Exact' US - EU	'Exact' EU - US	'Exact' US - EU
	Aerospace	20.6	25.8	15.6	0.0	2.4	0.0	0.0	3.9	3.6
Automobile	23.3	57.0	45.6	9.8	1.9	0.0	2.2	0.9	5.7	0.0
Chemicals	43.5	53.1	13.0	9.7	3.4	0.8	1.8	0.4	7.0	3.0
Communication	44.9	6.7	21.2	63.7	0.0	0.0	2.9	0.0	8.8	0.0
Electronics	45.9	41.1	16.9	23.0	4.6	4.4	2.2	3.0	0.0	0.0
Cosmetics	22.7	12.6	29.2	45.3	1.3	0.0	1.9	0.0	3.3	0.0
Financial	15.7	23.4	39.3	26.0	0.0	0.0	0.0	2.1	0.0	11.0
Insurance	13.3	16.2	34.2	35.8	0.0	0.0	0.0	0.0	0.0	0.0
Food & beverages	37.3	23.3	12.5	30.0	5.3	0.0	0.0	0.0	3.1	0.0
Office equipment	34.5	26.6	16.3	25.3	2.0	0.0	3.5	2.6	0.0	0.0
Pharmaceuticals	42.0	19.4	5.5	22.2	3.6	0.0	1.6	0.4	3.2	0.0
Transport	21.4	45.0	37.8	11.1	2.4	0.0	0.0	0.0	3.2	0.0
Biotechnology	29.4	14.3	12.5	27.1	0.0	0.0	3.8	2.4	0.0	0.0
ICT	43.0	26.3	0.0	8.3	0.0	0.0	12.3	2.7	0.0	0.0
Construction	49.4	30.8	8.0	7.7	2.3	0.0	0.0	4.6	13.7	13.8
Machinery	36.9	40.3	12.1	15.0	2.9	0.0	2.9	1.7	6.7	0.0
Medical	3.0	12.8	38.7	32.6	0.0	0.0	2.2	1.7	0.0	0.0
Other business services	45.7	21.1	3.5	29.5	0.0	0.0	0.0	0.0	9.1	0.0
Personal, recreational services	6.8	20.0	40.0	16.7	0.0	0.0	6.8	20.0	0.0	0.0
Steel	39.2	36.2	10.8	25.7	3.1	0.0	0.0	0.0	7.7	24.8



Sector*	Pot. Barrier reduction cross-cutting		Pot. Barrier reduction sector-specific		100% scanning*		IPR**		Government procurement***	
Textiles	42.2	41.5	12.2	8.5	0.0	0.0	3.1	0.0	0.0	0.0
Wood	53.3	24.1	7.6	35.5	7.6	13.6	0.0	0.0	0.0	1.4
Travel services	11.0	10.6	36.7	29.4	9.5	20.0	0.0	0.0	0.0	0.0

Table III.5 Percentage reduction in NTMs – modest scenario (=50% of the ambitious scenario across all sectors; same ratios cost/rent)

Sector*	Pot. Barrier reduction cross-cutting		Pot. Barrier reduction sector-specific		100% scanning*		IPR**		Government procurement***	
	'Exact'	'Exact'	'Exact'	'Exact'	'Exact'	'Exact'	'Exact'	'Exact'	'Exact'	'Exact'
	EU - US	US - EU	EU - US	US - EU	EU - US	US - EU	EU - US	US - EU	EU - US	US - EU
Aerospace	10.3	12.9	7.8	0.0	1.2	0.0	0.0	1.9	1.8	0.0
Automobile	11.7	28.5	22.8	4.9	1.0	0.0	1.1	0.4	2.9	0.0
Chemicals	21.8	26.6	6.5	4.8	1.7	0.4	0.9	0.2	3.5	1.5
Communication	22.5	3.3	10.6	31.9	0.0	0.0	1.4	0.0	4.4	0.0
Electronics	23.0	20.6	8.5	11.5	2.3	2.2	1.1	1.5	0.0	0.0
Cosmetics	11.3	6.3	14.6	22.6	0.6	0.0	1.0	0.0	1.7	0.0
Financial	7.8	11.7	19.7	13.0	0.0	0.0	0.0	1.0	0.0	5.5
Insurance	6.7	8.1	17.1	17.9	0.0	0.0	0.0	0.0	0.0	0.0
Food & beverages	18.6	11.7	6.3	15.0	2.6	0.0	0.0	0.0	1.6	0.0
Office equipment	17.3	13.3	8.1	12.7	1.0	0.0	1.8	1.3	0.0	0.0
Pharmaceuticals	21.0	9.7	2.7	11.1	1.8	0.0	0.8	0.2	1.6	0.0
Transport	10.7	22.5	18.9	5.6	1.2	0.0	0.0	0.0	1.6	0.0
Biotechnology	14.7	7.1	6.3	13.6	0.0	0.0	1.9	1.2	0.0	0.0
ICT	21.5	13.2	0.0	4.2	0.0	0.0	6.2	1.3	0.0	0.0
Construction	24.7	15.4	4.0	3.8	1.1	0.0	0.0	2.3	6.9	6.9
Machinery	18.5	20.2	6.1	7.5	1.4	0.0	1.4	0.9	3.3	0.0
Medical	1.5	6.4	19.3	16.3	0.0	0.0	1.1	0.9	0.0	0.0
Other business services	22.8	10.5	1.7	0.0	0.0	0.0	0.0	0.0	4.6	0.0
Personal, recreational services	3.4	10.0	20.0	8.3	0.0	0.0	3.4	10.0	0.0	0.0
Steel	19.6	18.1	5.4	12.9	1.5	0.0	0.0	0.0	3.8	12.4
Textiles	21.1	20.8	6.1	4.3	0.0	0.0	1.6	0.0	0.0	0.0
Wood	26.7	12.0	3.8	17.7	3.8	6.8	0.0	0.0	0.0	0.7
Travel services	5.5	5.3	18.3	14.7	4.8	10.0	0.0	0.0	0.0	0.0

\* 100% container scanning includes the barriers: Pre-shipment inspections, Threat of 100% container scanning, Possible introduction of container Security Initiative on EU side, causing sea cargo delays, Potential introduction of similar passenger and cargo security checks as currently introduced in US, Passenger registration & scanning legislation

\*\* IPR includes the barriers: US legal liability philosophy, US Intellectual property right system (with first to invent principle), US patent legislation (detrimental situation due to Hilmer Doctrine for EU companies), US patent system, EU patent system, EU Intellectual property rights which are less broad than the US ones, Differences Intellectual Property Right (IPR) systems, Enforcement of IPR not strongly pursued by some EU member state governments, Differences in the approach towards IPR and patents between the EU and US, EU Patent Convention, which involves higher costs than those involved with US patents, slow progress with the EU-wide Community Patent,

US copyright legislation and US patent legislation, Different IPR rules and procedures

\*\*\* Public procurement includes the barriers: Buy American Act (BAA), Discrimination of foreign companies in public procurement, Restriction to enter the US Department of Defense procurement contracts due to the Berry amendment, Compulsory national services, Government procurement only open to national companies, Fly American Act which demands that all federal government-funded flights are provided by US-flag air carriers, Non-transparent gov't procurement regulations and national/regional rules and complications, National, regional differences in gov't procurement regulations, Limitations to foreign participation in public procurement, Limits on entry to Belgium government procurement markets

Table III.6 All actionable NTMs – macroeconomic effects

	Ambitious Scenario (full liberalisation) – Short Run	Ambitious Scenario (full liberalisation) – Long Run	Limited Scenario (partial liberalisation) – Short Run	Limited Scenario (partial liberalisation) – Long Run
<b>Real income, billion € (\$)</b>				
United States	19.0 (24.7)	40.8 (53.0)	7.8 (10.1)	18.3 (23.8)
European Union	45.9 (59.7)	121.5 (158.0)	19.4 (25.2)	53.6 (69.7)
<b>Real income, % change</b>				
United States	0.13	0.28	0.05	0.13
European Union	0.27	0.72	0.11	0.32
<b>Real household income, % change</b>				
United States	0.16	0.31	0.07	0.14
European Union	0.32	0.79	0.14	0.35
<b>Real wages % change, unskilled workers</b>				
United States	0.24	0.35	0.11	0.16
European Union	0.40	0.82	0.17	0.36
<b>Real wages % change, skilled workers</b>				
United States	0.26	0.38	0.11	0.17
European Union	0.36	0.78	0.16	0.34
<b>Value of Exports, % change</b>				
United States	6.12	6.06	2.72	2.68
European Union	1.69	2.07	0.74	0.91
<b>Value of Imports, % change</b>				
United States	3.97	3.93	1.76	1.74
European Union	1.63	2.00	0.72	0.88
<b>Terms of trade, % change</b>				
United States	-0.15	-0.23	-0.06	-0.10
European Union	0.11	0.07	0.05	0.03

\* The results depend to some extent on the assumption of actionability of NTMs in about 50% of the cases overall. See Section 3.5 for the detailed actionability levels assumed.

Table III.7 Summary of percentage changes in national income following NTM alignment (ambitious scenario – Long Run)\*

	Economy-wide NTM reductions (i.e. reductions of NTMs in all sectors simultaneously)		Sector-specific NTM reductions (i.e. reductions of NTMs only in the specific sector)	
	United States	EU	United States	EU
Processed foods (food & beverages)	40.8 (53.0)	121.5 (158.0)	1.2 (1.6)	5.0 (6.5)
Chemicals, cosmetics, pharmaceuticals			1.6 (2.1)	7.1 (9.2)
Electrical machinery (electronics, OICE)			3.1 (4.0)	1.6 (2.1)
Motor vehicles (automotives)			1.6 (2.1)	12.0 (15.6)
Other transport equipment (aerospace)			0.9 (1.2)	0.2 (0.3)

	Economy-wide NTM reductions (i.e. reductions of NTMs in all sectors simultaneously)		Sector-specific NTM reductions (i.e. reductions of NTMs only in the specific sector)	
	United States	EU	United States	EU
	Metals and metal products			0.2 (0.3)
Wood & paper products			0.1 (0.1)	1.1 (1.5)
Transport			0.3 (0.3)	0.2 (0.3)
Finance			2.0 (2.6)	1.2 (1.6)
Insurance			2.3 (3.0)	-0.1 (-0.2)
Business services & ICT			0.0 (0.0)	0.5 (0.6)
Communications			0.0 (0.1)	1.0 (1.3)
Personal, recreational & cultural services			0.1 (0.2)	0.3 (0.4)
Construction			0.0 (0.0)	0.0 (0.0)

\* The results depend to some extent on the assumption of actionability of NTMs in about 50% of the cases overall. At sector level there is some divergence as presented in section 3.5.

Table III.8 Percentage change in output at sectoral level for the US\*

	Ambitious scenario; full liberalization, short run	Ambitious scenario; full liberalization, long run	Limited scenario; full liberalization, long run	Limited scenario; full liberalization, long run
Processed foods	-2,2	-2,1	-1,0	-0,9
Chemicals	-3,5	-3,3	-1,5	-1,4
Electrical machinery	27,8	29,2	11,5	12,0
Motor vehicles	-2,4	-1,4	-0,6	-0,1
Other transport equipment	1,6	1,6	0,8	0,8
Other machinery	-1,0	-1,1	-0,4	-0,5
Metals and metal products	-0,2	-0,1	-0,1	-0,1
Wood and paper products	-0,4	-0,4	-0,2	-0,2
Other manufactures	-0,4	-0,3	-0,2	-0,1
Water transport	0,3	0,4	0,1	0,2
Air transport	0,2	0,3	0,1	0,1
Finance	0,0	0,1	0,0	0,0
Insurance	-1,1	-1,0	-0,5	-0,5
Business services	0,2	0,3	0,1	0,1
Communications	0,3	0,4	0,1	0,2
Construction	0,4	0,4	0,2	0,2
Personal services	0,3	0,4	0,1	0,2

\* The results depend to some extent on the assumption of actionability of NTMs in about 50% of the cases overall. See Section 3.5 for the detailed actionability levels assumed.

Table III.9 Percentage change in output at sectoral level for the EU\*

	Ambitious scenario; full liberalization, short run	Ambitious scenario; full liberalization, long run	Limited scenario; full liberalization, long run	Limited scenario; full liberalization, long run
Processed foods	0,6	0,9	0,3	0,4
Chemicals	1,6	2,2	0,7	1,0
Electrical machinery	-7,5	-5,5	-3,0	-2,1
Motor vehicles	5,1	5,7	2,0	2,3
Other transport equipment	-1,1	-0,9	-0,5	-0,4

	Ambitious scenario; full liberalization, short run	Ambitious scenario; full liberalization, long run	Limited scenario; full liberalization, long run	Limited scenario; full liberalization, long run
Other machinery	-2,3	-1,9	-1,0	-0,8
Metals and metal products	-1,0	-0,5	-0,4	-0,2
Wood and paper products	-0,4	0,0	-0,2	0,0
Other manufactures	-0,4	0,1	-0,2	0,1
Water transport	0,3	0,5	0,1	0,2
Air transport	-0,1	0,3	0,0	0,1
Finance	0,0	0,4	0,0	0,2
Insurance	0,9	1,2	0,4	0,6
Business services	0,0	0,5	0,0	0,2
Communications	-0,3	0,2	-0,1	0,1
Construction	0,3	0,8	0,1	0,4
Personal services	-0,6	-0,1	-0,3	0,0

\* The results depend to some extent on the assumption of actionability of NTMs in about 50% of the cases overall. See Section 3.5 for the detailed actionability levels assumed.

Table III.10 Percentage change in exports at the sectoral level for the US\*

	Ambitious scenario; full liberalization, short run	Ambitious scenario; full liberalization, long run	Limited scenario; full liberalization, long run	Limited scenario; full liberalization, long run
Processed foods	2,9	3,0	1,4	1,4
Chemicals	11,5	11,8	5,4	5,5
Electrical machinery	40,5	41,9	16,4	16,8
Motor vehicles	8,8	9,1	4,6	4,8
Other transport equipment	16,8	16,9	7,8	7,8
Other machinery	-1,4	-1,8	-0,6	-0,8
Metals and metal products	14,5	13,8	5,6	5,3
Wood and paper products	11,4	10,9	4,8	4,6
Other manufactures	-0,9	-0,9	-0,4	-0,4
Water transport	1,6	1,6	0,7	0,7
Air transport	1,1	1,1	0,5	0,5
Finance	4,8	4,9	2,4	2,4
Insurance	2,7	2,4	1,3	1,2
Business services	3,8	3,4	1,9	1,7
Communications	9,5	9,5	4,5	4,5
Construction	2,5	2,6	1,2	1,3
Personal services	5,9	5,4	2,8	2,6

\* The results depend to some extent on the assumption of actionability of NTMs in about 50% of the cases overall. See Section 3.5 for the detailed actionability levels assumed.

Table III.11 Percentage change in exports at the sectoral level for the US\*

	Ambitious scenario; full liberalization, short run	Ambitious scenario; full liberalization, long run	Limited scenario; full liberalization, long run	Limited scenario; full liberalization, long run
Processed foods	5,2	5,4	2,3	2,4
Chemicals	5,5	6,2	2,5	2,8
Electrical machinery	-6,8	-4,6	-2,6	-1,7
Motor vehicles	10,0	10,7	4,1	4,3

	Ambitious scenario; full liberalization, short run	Ambitious scenario; full liberalization, long run	Limited scenario; full liberalization, long run	Limited scenario; full liberalization, long run
Other transport equipment	4,0	4,2	1,8	1,9
Other machinery	-3,0	-2,6	-1,3	-1,1
Metals and metal products	2,3	2,7	1,0	1,2
Wood and paper products	1,4	1,6	0,7	0,8
Other manufactures	-0,9	-0,4	-0,4	-0,1
Water transport	0,8	0,9	0,3	0,4
Air transport	0,5	0,6	0,2	0,3
Finance	2,3	2,6	1,1	1,2
Insurance	5,8	5,9	2,8	2,9
Business services	0,3	0,6	0,2	0,3
Communications	0,0	0,3	0,0	0,1
Construction	-0,3	0,2	-0,1	0,1
Personal services	-1,1	-0,8	-0,4	-0,3

\* The results depend to some extent on the assumption of actionability of NTMs in about 50% of the cases overall. See Section 3.5 for the detailed actionability levels assumed.

Table III.12 National Income Effects from sector-specific measures, millions €

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-Run</b>															
European Union	23,088	1,647	2,689	276	5,350	-6	248	550	-17	-14	-711	295	575	5	158
United States	6,438	278	762	2,323	209	328	105	7	117	908	1,300	-67	-160	0	20
<b>Long-Run</b>															
European Union	57,185	5,037	7,053	1,548	12,222	224	660	1,138	221	1,204	-136	453	1,037	11	337
United States	15,538	1,222	1,627	3,091	1,577	887	222	76	254	2,013	2,335	-8	47	3	115

Table III.13 National Income Effects from Sector Specific Measures, % of baseline income

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-Run</b>															
European Union	0.14	0.01	0.02	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United States	0.04	0.00	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
<b>Long-Run</b>															
European Union	0.34	0.03	0.04	0.01	0.07	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.01	0.00	0.00
United States	0.11	0.01	0.01	0.02	0.01	0.01	0.00	0.00	0.00	0.01	0.02	0.00	0.00	0.00	0.00

Table III.14 Value of Export Effects from Sector Specific Measures, % change

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-Run</b>															
European Union	1.00	0.03	0.07	0.01	0.23	0.03	0.02	0.02	0.00	0.02	0.02	0.01	0.01	0.00	0.01
United States	2.04	0.15	0.26	0.33	0.24	0.09	0.09	0.09	0.02	0.06	0.10	0.02	0.03	0.00	0.05
<b>Long-Run</b>															
European Union	1.16	0.05	0.09	0.02	0.26	0.03	0.02	0.02	0.01	0.02	0.02	0.01	0.01	0.00	0.01
United States	1.92	0.15	0.26	0.36	0.16	0.09	0.09	0.09	0.02	0.07	0.10	0.02	0.03	0.00	0.05

Table III.15 Value of Import Effects from Sector Specific Measures, % change

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-Run</b>															
European Union	0.96	0.03	0.07	0.01	0.22	0.03	0.02	0.02	0.00	0.02	0.02	0.01	0.01	0.00	0.01
United States	1.33	0.10	0.17	0.21	0.15	0.06	0.06	0.06	0.01	0.04	0.06	0.01	0.02	0.00	0.03
<b>Long-Run</b>															
European Union	1.12	0.05	0.09	0.02	0.25	0.03	0.02	0.02	0.00	0.02	0.02	0.01	0.01	0.00	0.01
United States	1.24	0.10	0.17	0.23	0.10	0.06	0.06	0.06	0.01	0.04	0.07	0.01	0.02	0.00	0.03

Table III.16 Value of EU Exports at Sector Level, % change

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-run</b>															
Agr, forestry, fisheries	0.01	-0.05	-0.01	0.03	0.00	0.01	0.00	0.01	0.00	0.01	0.01	0.00	0.00	0.00	0.00
Other primary sectors	0.15	0.00	-0.02	-0.01	0.06	0.01	-0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
Processed foods	0.92	0.80	0.01	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chemicals	0.54	-0.02	1.04	0.04	-0.14	-0.02	0.00	0.01	-0.01	-0.01	-0.04	0.01	0.01	0.00	0.01
Electrical machinery	-6.23	-0.06	-0.49	0.51	-1.47	-0.14	-0.01	0.09	-0.03	-0.04	-0.16	0.03	0.04	0.00	0.02
Motor vehicles	14.27	-0.01	-0.06	-0.04	4.25	-0.04	0.01	0.02	0.00	-0.01	-0.04	0.01	0.01	0.00	0.01
Other transport equipment	1.24	-0.01	-0.08	0.07	-0.27	2.18	0.01	0.02	0.00	-0.01	-0.03	0.00	0.01	0.00	0.01
Other machinery	-2.38	-0.03	-0.20	-0.03	-0.58	-0.06	0.01	0.04	-0.01	-0.02	-0.07	0.01	0.02	0.00	0.01
Metals and metal products	-0.65	-0.02	-0.13	-0.01	-0.26	-0.03	0.47	0.02	-0.01	-0.01	-0.04	0.01	0.01	0.00	0.01
Wood and paper products	-0.49	-0.02	-0.04	0.03	-0.14	-0.01	0.00	0.03	0.00	0.00	-0.01	0.00	0.01	0.00	0.00

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
Other manufactures	-0.69	-0.01	-0.05	-0.05	-0.13	-0.01	-0.01	0.02	0.00	0.00	-0.02	0.00	0.01	0.00	0.00
Water transport	0.31	0.05	0.00	0.06	0.03	0.00	0.01	0.03	0.04	0.00	0.00	0.00	0.00	0.00	0.00
Air transport	0.06	0.00	-0.02	0.02	-0.08	-0.01	0.01	0.01	0.30	0.00	-0.01	0.00	0.01	0.00	0.01
Finance	1.64	0.00	0.00	0.03	-0.01	0.00	0.00	0.00	0.00	1.60	0.05	0.00	0.00	0.00	0.00
Insurance	3.87	-0.01	-0.05	0.11	-0.15	-0.01	0.00	0.01	0.00	0.01	4.26	0.00	0.01	0.00	0.00
Business services	-0.19	0.00	-0.02	0.02	-0.06	0.00	0.00	0.00	0.00	0.00	-0.01	0.01	0.00	0.00	0.00
Communications	-0.19	0.00	-0.02	0.03	-0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	0.00	0.00
Construction	-0.36	-0.01	-0.03	0.00	-0.10	-0.01	0.00	0.01	0.00	0.00	-0.01	0.00	0.00	0.02	0.00
Personal services	-0.87	-0.02	-0.13	0.02	-0.35	-0.03	0.00	0.02	-0.02	-0.01	-0.04	0.01	0.01	0.00	0.53
Other services	-0.17	0.01	-0.03	0.02	-0.05	0.00	0.00	0.02	0.00	0.00	-0.01	0.00	0.00	0.00	0.00
<b>Long-run</b>															
Agr, forestry, fisheries	-0.32	-0.05	-0.04	-0.05	-0.04	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other primary sectors	0.05	0.01	-0.02	-0.02	0.03	0.01	-0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
Processed foods	0.98	0.82	0.02	0.01	0.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chemicals	0.81	0.01	1.08	0.05	-0.09	-0.02	0.00	0.02	0.00	0.00	-0.04	0.01	0.02	0.00	0.01
Electrical machinery	-4.90	-0.04	-0.37	0.82	-1.28	-0.14	-0.01	0.10	-0.02	-0.01	-0.14	0.03	0.04	0.00	0.03
Motor vehicles	14.65	0.01	-0.02	-0.02	4.32	-0.04	0.01	0.03	0.00	0.00	-0.04	0.01	0.02	0.00	0.01
Other transport equipment	1.34	0.00	-0.07	0.08	-0.26	2.18	0.01	0.02	0.00	0.00	-0.03	0.01	0.01	0.00	0.01
Other machinery	-2.16	-0.02	-0.17	-0.02	-0.53	-0.06	0.01	0.04	-0.01	-0.02	-0.08	0.01	0.02	0.00	0.01
Metals and metal products	-0.54	0.01	-0.11	-0.02	-0.24	-0.03	0.48	0.03	-0.01	0.00	-0.04	0.01	0.02	0.00	0.01
Wood and paper products	-0.39	0.00	-0.02	0.03	-0.12	-0.01	0.00	0.03	0.00	0.00	-0.01	0.00	0.01	0.00	0.00
Other manufactures	-0.54	0.03	-0.02	-0.05	-0.11	-0.02	-0.01	0.03	0.00	0.01	-0.02	0.00	0.01	0.00	0.01
Water transport	0.32	0.06	0.01	0.05	0.03	0.00	0.01	0.03	0.05	0.00	0.00	0.00	0.00	0.00	0.00
Air transport	0.12	0.01	-0.01	0.03	-0.07	-0.01	0.01	0.01	0.30	0.00	-0.01	0.00	0.01	0.00	0.01
Finance	1.77	0.01	0.01	0.05	0.00	0.00	0.00	0.00	0.00	1.60	0.05	0.00	0.00	0.00	0.00
Insurance	3.93	0.00	-0.04	0.12	-0.15	-0.01	0.00	0.01	0.00	0.02	4.27	0.00	0.01	0.00	0.00
Business services	-0.03	0.01	0.00	0.04	-0.04	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.00	0.00
Communications	-0.06	0.01	0.00	0.04	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.07	0.00	0.00
Construction	-0.18	0.02	0.00	0.01	-0.07	-0.01	0.00	0.01	0.00	0.00	-0.01	0.00	0.00	0.02	0.00
Personal services	-0.78	-0.01	-0.11	0.01	-0.33	-0.03	0.00	0.02	-0.02	-0.01	-0.04	0.01	0.02	0.00	0.54
Other services	-0.12	0.01	-0.02	0.03	-0.04	-0.01	0.00	0.02	0.00	0.00	-0.01	0.00	0.00	0.00	0.00

Table III.17 Value of US Exports at Sector Level, % change

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-run</b>															
Agr, forestry, fisheries	0.27	0.10	0.01	0.01	0.05	0.01	0.00	-0.02	0.00	0.01	0.00	0.00	0.00	0.00	0.00
Other primary sectors	0.60	0.00	-0.02	0.18	0.16	0.00	-0.02	0.01	0.01	-0.01	-0.02	0.00	0.01	0.00	0.00

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
Processed foods	2.14	2.43	0.01	-0.06	-0.14	0.01	0.00	-0.01	0.00	0.01	0.01	0.00	0.00	0.00	0.00
Chemicals	-0.02	0.06	1.55	-0.51	-0.58	0.05	-0.03	-0.04	0.01	0.04	0.08	-0.01	-0.03	0.00	-0.01
Electrical machinery	31.67	0.34	0.83	13.21	0.50	0.32	-0.17	-0.35	0.06	0.36	0.69	-0.08	-0.15	0.00	-0.06
Motor vehicles	-1.29	0.03	0.03	-0.70	5.23	0.01	-0.01	-0.03	0.01	0.03	0.08	-0.01	-0.02	0.00	-0.01
Other transport equipment	1.55	0.02	0.08	-0.35	0.23	0.94	-0.02	-0.03	0.01	0.01	0.05	-0.01	-0.02	0.00	-0.01
Other machinery	-0.33	0.06	0.19	-0.97	-0.12	0.10	-0.03	-0.08	0.01	0.03	0.11	-0.02	-0.04	0.00	-0.02
Metals and metal products	1.52	0.04	0.13	-0.65	-0.95	0.06	3.61	-0.03	0.01	0.00	0.03	-0.01	-0.01	0.00	-0.01
Wood and paper products	4.31	0.02	0.05	-0.36	-0.18	0.04	-0.01	4.77	0.01	0.00	0.03	-0.01	-0.01	0.00	-0.01
Other manufactures	-0.83	0.01	0.09	-0.40	-0.24	0.02	-0.01	-0.02	-0.01	0.01	0.04	-0.01	-0.01	0.00	-0.01
Water transport	0.54	0.05	0.02	0.02	0.07	0.01	0.01	0.03	0.13	0.00	0.00	0.00	0.00	0.00	0.00
Air transport	0.20	0.02	0.06	-0.10	0.00	0.02	0.01	0.01	0.14	0.00	0.01	0.00	0.00	0.00	0.00
Finance	2.09	0.01	0.03	-0.10	0.00	0.02	0.00	-0.01	0.00	1.98	0.07	0.00	-0.01	0.00	0.00
Insurance	1.98	0.01	0.01	-0.17	-0.12	0.02	-0.01	-0.01	0.00	0.00	2.28	0.00	-0.01	0.00	0.00
Business services	0.24	0.02	0.05	-0.21	-0.18	0.03	-0.01	-0.01	0.00	0.01	0.03	0.58	-0.01	0.00	0.00
Communications	8.72	0.02	0.04	-0.18	-0.06	0.02	-0.01	-0.02	0.00	0.03	0.04	0.00	8.71	0.00	0.00
Construction	0.54	0.01	0.04	-0.32	0.06	0.04	-0.02	-0.03	0.00	0.03	0.04	-0.01	-0.01	0.38	-0.01
Personal services	1.87	0.12	0.11	-0.67	0.02	0.07	-0.02	-0.05	0.10	0.03	0.09	-0.01	-0.03	0.00	1.72
Other services	0.14	0.02	0.05	-0.31	0.07	0.03	-0.01	-0.02	0.00	0.01	0.03	0.00	-0.01	0.00	-0.01
<b>Long-run</b>															
Agr, forestry, fisheries	-0.03	0.12	-0.01	-0.09	0.02	0.00	0.00	-0.01	0.00	-0.01	-0.01	0.00	0.00	0.00	0.00
Other primary sectors	0.42	0.02	-0.01	0.16	0.10	-0.01	-0.02	0.02	0.01	-0.02	-0.04	0.01	0.01	0.00	0.00
Processed foods	2.13	2.44	0.01	-0.06	-0.14	0.01	0.00	-0.01	0.00	0.01	0.02	0.00	0.00	0.00	0.00
Chemicals	0.10	0.07	1.54	-0.48	-0.57	0.05	-0.02	-0.04	0.01	0.06	0.12	-0.02	-0.03	0.00	-0.01
Electrical machinery	32.42	0.27	0.84	14.08	0.10	0.34	-0.17	-0.35	0.07	0.45	0.84	-0.09	-0.14	0.00	-0.05
Motor vehicles	-1.18	0.03	0.03	-0.71	5.31	0.01	-0.01	-0.03	0.01	0.04	0.10	-0.01	-0.02	0.00	-0.01
Other transport equipment	1.52	0.04	0.09	-0.37	0.22	0.94	-0.01	-0.03	0.01	0.01	0.04	-0.01	-0.01	0.00	-0.01
Other machinery	-0.74	0.06	0.17	-0.95	-0.29	0.09	-0.03	-0.07	0.01	0.03	0.11	-0.02	-0.04	0.00	-0.02
Metals and metal products	0.65	0.06	0.09	-0.63	-1.31	0.05	3.62	-0.03	0.01	0.00	0.02	-0.01	-0.01	0.00	-0.01
Wood and paper products	3.80	0.02	0.02	-0.36	-0.37	0.03	-0.01	4.77	0.01	0.00	0.03	-0.01	-0.01	0.00	-0.01
Other manufactures	-0.76	0.01	0.09	-0.40	-0.23	0.03	-0.01	-0.03	-0.01	0.02	0.05	-0.01	-0.01	0.00	-0.01
Water transport	0.52	0.06	0.02	0.01	0.06	0.01	0.01	0.03	0.13	0.01	0.00	0.00	0.00	0.00	0.00
Air transport	0.15	0.03	0.05	-0.09	-0.03	0.02	0.01	0.01	0.14	0.00	0.01	0.00	0.00	0.00	0.00
Finance	2.08	0.02	0.03	-0.09	-0.03	0.01	0.00	-0.01	0.00	1.98	0.06	0.00	-0.01	0.00	0.00
Insurance	1.76	0.01	0.00	-0.17	-0.21	0.01	0.00	-0.01	0.00	0.00	2.27	0.00	-0.01	0.00	0.00
Business services	-0.03	0.01	0.03	-0.20	-0.29	0.03	-0.01	-0.01	0.00	0.01	0.02	0.58	-0.01	0.00	-0.01
Communications	8.65	0.03	0.03	-0.14	-0.13	0.02	0.00	-0.02	0.01	0.03	0.05	0.00	8.72	0.00	0.00
Construction	0.52	0.03	0.05	-0.33	0.04	0.03	-0.02	-0.03	0.00	0.03	0.03	-0.01	-0.01	0.38	-0.01
Personal services	1.50	0.12	0.09	-0.67	-0.11	0.06	-0.02	-0.05	0.10	0.03	0.08	-0.01	-0.03	0.00	1.72
Other services	0.07	0.03	0.05	-0.30	0.03	0.03	-0.01	-0.02	0.01	0.01	0.03	0.00	-0.01	0.00	-0.01



Table III.18 EU Output at Sector Level, % change

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
<b>Short-run</b>															
Agr, forestry, fisheries	-0.06	0.00	0.00	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other primary sectors	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Processed foods	0.02	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chemicals	-0.01	-0.01	0.39	0.02	-0.11	-0.02	0.00	0.01	-0.01	-0.01	-0.03	0.01	0.01	0.00	0.00
Electrical machinery	-6.51	-0.05	-0.46	-0.03	-1.40	-0.13	-0.01	0.09	-0.02	-0.04	-0.15	0.03	0.03	0.00	0.02
Motor vehicles	8.02	-0.01	-0.04	-0.04	2.19	-0.03	0.01	0.02	0.00	-0.01	-0.03	0.01	0.01	0.00	0.01
Other transport equipment	0.14	-0.01	-0.08	0.06	-0.28	1.12	0.01	0.02	0.00	-0.01	-0.03	0.01	0.01	0.00	0.01
Other machinery	-1.81	-0.02	-0.16	-0.03	-0.44	-0.04	0.01	0.03	-0.01	-0.01	-0.06	0.01	0.02	0.00	0.01
Metals and metal products	-0.69	-0.02	-0.12	-0.02	-0.13	-0.02	-0.03	0.02	-0.01	-0.01	-0.04	0.01	0.01	0.00	0.01
Wood and paper products	-0.59	-0.01	-0.02	0.01	-0.09	-0.01	0.00	-0.23	0.00	0.00	-0.01	0.00	0.01	0.00	0.00
Other manufactures	-0.34	0.00	-0.01	-0.03	-0.07	-0.01	0.00	0.01	0.00	0.00	-0.01	0.00	0.01	0.00	0.00
Water transport	-0.04	0.04	-0.02	0.04	-0.05	-0.01	0.01	0.03	0.04	0.00	-0.01	0.00	0.01	0.00	0.00
Air transport	-0.24	0.00	-0.03	0.01	-0.11	-0.01	0.00	0.01	0.15	0.00	-0.01	0.00	0.01	0.00	0.00
Finance	0.07	0.00	-0.01	0.01	-0.01	0.00	0.00	0.00	0.00	0.06	0.05	0.00	0.00	0.00	0.00
Insurance	0.55	0.00	-0.01	0.02	-0.04	0.00	0.00	0.00	0.00	0.02	0.66	0.00	0.01	0.00	0.00
Business services	-0.02	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.01	-0.01	0.00	0.00	0.00
Communications	-0.27	0.00	-0.01	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.01	0.00	-0.20	0.00	0.00
Construction	0.12	0.02	0.01	0.00	0.02	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
Personal services	-0.28	0.00	-0.02	0.01	-0.06	-0.01	0.00	0.00	0.00	0.00	-0.01	0.00	0.01	0.00	-0.05
Other services	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00
<b>Long-run</b>															
Agr, forestry, fisheries	-0.08	0.00	0.00	-0.01	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other primary sectors	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Processed foods	0.14	0.04	0.02	0.01	0.02	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chemicals	0.24	0.01	0.43	0.02	-0.06	-0.02	0.00	0.02	0.00	0.00	-0.03	0.01	0.01	0.00	0.01
Electrical machinery	-5.22	-0.03	-0.34	0.26	-1.22	-0.13	-0.01	0.09	-0.02	-0.01	-0.13	0.03	0.04	0.00	0.03
Motor vehicles	8.32	0.01	-0.01	-0.03	2.25	-0.03	0.01	0.02	0.00	0.00	-0.03	0.01	0.01	0.00	0.01
Other transport equipment	0.26	0.00	-0.07	0.07	-0.26	1.12	0.01	0.02	0.00	0.00	-0.03	0.01	0.01	0.00	0.01
Other machinery	-1.59	-0.01	-0.13	-0.02	-0.39	-0.05	0.01	0.04	-0.01	-0.01	-0.06	0.01	0.02	0.00	0.01
Metals and metal products	-0.53	0.01	-0.09	-0.03	-0.10	-0.02	-0.02	0.03	-0.01	0.00	-0.04	0.01	0.02	0.00	0.01
Wood and paper products	-0.42	0.01	0.01	0.01	-0.06	-0.01	0.00	-0.22	0.00	0.00	-0.01	0.00	0.01	0.00	0.00
Other manufactures	-0.16	0.02	0.01	-0.03	-0.04	-0.01	0.00	0.02	0.00	0.00	-0.01	0.00	0.01	0.00	0.00
Water transport	0.01	0.05	-0.01	0.03	-0.04	-0.01	0.01	0.03	0.04	0.00	-0.01	0.00	0.01	0.00	0.00
Air transport	-0.11	0.01	-0.01	0.02	-0.08	-0.01	0.00	0.01	0.15	0.00	-0.01	0.00	0.01	0.00	0.01
Finance	0.25	0.02	0.02	0.02	0.02	0.00	0.00	0.01	0.00	0.06	0.05	0.00	0.01	0.00	0.00
Insurance	0.71	0.02	0.01	0.03	-0.01	0.00	0.00	0.01	0.00	0.02	0.67	0.00	0.01	0.00	0.00
Business services	0.21	0.02	0.03	0.01	0.04	0.00	0.00	0.01	0.00	0.01	0.01	-0.01	0.01	0.00	0.00

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreation and Other Services
Communications	-0.07	0.02	0.02	0.01	0.02	0.00	0.00	0.00	0.00	0.01	0.02	0.00	-0.20	0.00	0.00
Construction	0.35	0.04	0.05	0.02	0.07	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.01	0.00	0.00
Personal services	-0.07	0.02	0.01	0.02	-0.02	-0.01	0.00	0.01	0.00	0.00	-0.01	0.00	0.01	0.00	-0.05
Other services	0.18	0.02	0.03	0.01	0.04	0.00	0.00	0.01	0.00	0.00	-0.01	0.00	0.01	0.00	0.00

Table III.19 United States Output at Sector Level, % change

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreation and Other Services
<b>Short-run</b>															
Agr, forestry, fisheries	0.00	-0.01	0.00	-0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other primary sectors	0.01	0.00	0.00	-0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Processed foods	-0.30	-0.27	0.00	-0.01	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Chemicals	-1.53	0.03	-0.56	-0.27	-0.31	0.02	-0.01	-0.02	0.00	0.03	0.06	-0.01	-0.02	0.00	-0.01
Electrical machinery	22.44	0.31	0.72	8.71	0.40	0.27	-0.15	-0.31	0.05	0.33	0.62	-0.07	-0.13	0.00	-0.05
Motor vehicles	-6.96	0.02	-0.04	-0.75	0.32	-0.01	-0.01	-0.03	0.01	0.03	0.08	-0.01	-0.02	0.00	-0.01
Other transport equipment	-0.66	0.02	0.05	-0.23	0.10	-0.94	-0.01	-0.02	0.00	0.01	0.04	-0.01	-0.01	0.00	-0.01
Other machinery	-0.46	0.04	0.11	-0.62	-0.08	0.04	-0.02	-0.05	0.01	0.02	0.08	-0.01	-0.02	0.00	-0.01
Metals and metal products	-0.31	0.03	0.08	-0.35	0.03	0.02	0.16	-0.04	0.01	0.03	0.07	-0.01	-0.02	0.00	-0.01
Wood and paper products	0.12	0.00	0.01	-0.10	-0.05	0.01	0.00	0.25	0.00	0.01	0.02	0.00	0.00	0.00	0.00
Other manufactures	-0.39	0.00	0.05	-0.25	-0.05	0.01	0.00	-0.01	-0.02	0.01	0.03	0.00	-0.01	0.00	0.00
Water transport	0.13	0.02	0.01	0.03	0.04	0.01	0.00	0.00	-0.16	0.01	0.02	0.00	-0.01	0.00	0.00
Air transport	0.09	0.02	0.04	0.01	0.02	0.02	0.00	-0.01	-0.18	0.01	0.02	0.00	-0.01	0.00	0.01
Finance	-0.02	0.00	0.00	0.03	0.01	0.00	0.00	0.00	0.00	-0.11	0.00	0.00	0.00	0.00	0.00
Insurance	-0.70	0.00	0.00	-0.02	0.01	0.00	0.00	0.00	0.00	0.01	-0.74	0.00	0.00	0.00	0.00
Business services	0.18	0.00	0.01	0.04	0.00	0.01	0.00	-0.01	0.00	0.00	0.01	0.02	0.00	0.00	0.00
Communications	0.28	0.00	0.01	0.02	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.18	0.00	0.00
Construction	0.19	0.02	0.02	0.01	0.03	0.01	0.00	0.00	0.00	0.02	0.01	0.00	0.00	0.00	0.00
Personal services	0.10	0.01	0.01	-0.02	0.00	0.01	0.00	0.00	0.02	0.01	0.01	0.00	0.00	0.00	0.03
Other services	0.07	0.00	0.00	0.02	0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
<b>Long-run</b>															
Agr, forestry, fisheries	-0.02	-0.01	0.00	-0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other primary sectors	0.00	0.00	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Processed foods	-0.24	-0.27	0.01	0.00	-0.01	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
Chemicals	-1.36	0.04	-0.56	-0.24	-0.27	0.03	-0.01	-0.02	0.01	0.04	0.08	-0.01	-0.02	0.00	-0.01
Electrical machinery	23.30	0.24	0.73	9.54	0.08	0.28	-0.16	-0.31	0.06	0.41	0.77	-0.08	-0.11	0.00	-0.04
Motor vehicles	-6.21	0.03	0.00	-0.82	0.69	-0.01	-0.01	-0.03	0.01	0.04	0.11	-0.01	-0.02	0.00	-0.01
Other transport equipment	-0.69	0.03	0.05	-0.22	0.08	-0.94	-0.01	-0.02	0.00	0.02	0.04	-0.01	-0.01	0.00	-0.01
Other machinery	-0.59	0.04	0.10	-0.59	-0.15	0.04	-0.02	-0.04	0.01	0.03	0.09	-0.01	-0.02	0.00	-0.01

	Total	Processed Food	Chemicals	Electrical Machinery	Motor Vehicles	Other Transport	Metals	Wood, Pulp, Publishing	Transport	Financial Services	Insurance	Business Services and ICT	Communications	Construction	Recreational & Other Services
Metals and metal products	-0.38	0.04	0.08	-0.34	-0.01	0.02	0.16	-0.04	0.01	0.03	0.09	-0.01	-0.02	0.00	-0.01
Wood and paper products	0.08	0.00	0.01	-0.08	-0.09	0.01	0.00	0.25	0.00	0.01	0.03	0.00	0.00	0.00	0.00
Other manufactures	-0.28	-0.01	0.04	-0.24	-0.02	0.02	0.00	-0.01	-0.02	0.02	0.04	0.00	-0.01	0.00	0.00
Water transport	0.15	0.02	0.01	0.04	0.03	0.01	0.00	0.00	-0.16	0.02	0.03	0.00	0.00	0.00	0.00
Air transport	0.12	0.02	0.04	0.04	0.01	0.02	0.00	-0.01	-0.18	0.02	0.03	0.00	0.00	0.00	0.01
Finance	0.02	0.01	0.00	0.05	0.01	0.01	0.00	0.00	0.00	-0.11	0.00	0.00	0.00	0.00	0.00
Insurance	-0.68	0.00	0.01	-0.01	0.01	0.01	0.00	0.00	0.00	0.01	-0.74	0.00	0.00	0.00	0.00
Business services	0.21	0.00	0.01	0.06	-0.01	0.01	0.00	0.00	0.00	0.01	0.02	0.02	0.00	0.00	0.00
Communications	0.33	0.01	0.01	0.04	0.00	0.01	0.00	0.00	0.00	0.01	0.01	0.00	0.18	0.00	0.00
Construction	0.18	0.01	0.01	0.07	0.00	0.01	0.00	0.00	0.00	0.02	0.03	0.00	0.01	0.00	0.00
Personal services	0.14	0.02	0.01	-0.02	0.00	0.01	0.00	0.00	0.02	0.01	0.02	0.00	0.00	0.00	0.03
Other services	0.13	0.00	0.01	0.03	0.01	0.01	0.00	0.00	0.00	0.01	0.02	0.00	0.00	0.00	0.00



## Annex IV Pooled gravity regression results

### IV.1 Pooled gravity regressions for goods sectors

We have pooled the data into three broad categories (technology, durables and non-durables). We have estimated three specifications. In the first model (B.1) we use dummies for intra-EEA, intra-Nafta and transatlantic trade flows. In the second model (B.2) these dummies are multiplied by the NTM-data as described above. In the third model (B.3) we include both the dummy and the NTM-variable.

The first model (the ‘dummy’ model, B.1) shows three clear results. First, trade within the EEA is significantly higher than what can be explained by country-fixed effects, geographic proximity, common languages and (lack of) tariffs<sup>18</sup>. EEA-members simply trade more, and this effect is significant across all three groups in the pooled model. The EEA-impact is highest in non-durables and lowest in the technology goods. Second, transatlantic trade is lower than what can be explained by other variables (gravity variables and tariffs). Transatlantic trade is being held back by other barriers than tariffs and traditional gravity effects. This result is significant in the technology group and in the group of durable goods, but not in non-durable goods. The negative transatlantic effect is larger in technology sectors and lower in durables. Third, no NAFTA-effect can be detected in any of the three groups.

The pooled dummy-model shows a large and negative effect of tariffs on trade: a one percent decrease in tariffs will on average boost trade by 8 percent for technology goods, 5 percent for durable goods and 4 percent for non-durable goods, cf. Table VI.0.1.

Table IV.0.1 Gravity estimates – pooled estimates with trade-block dummies

Variable	Pooled 3 Sector Model (model B.1)		
	Technology	Durables	Non-Durables
Tariffs (w.avg MFN)	-8.318***	-5.101***	-3.682***
Intra-EU dummy	0.500***	0.921***	1.326***
Transatlantic dummy	-0.554***	-0.322**	0.048
Intra-NAFTA dummy	-0.390	0.168	0.298

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ .

Source: Gravity model estimates

The second pooled NTM-model (B.2) also shows a large and negative effect of tariffs on trade. The estimated tariff effects are larger than in the ‘dummy-model’. A one percent

<sup>18</sup> This was already pointed out by Aitken (1973) and Sapir (1981).

decrease in tariffs will on average boost trade by 12 percent for technology goods, 7 percent for durable goods and 3 percent for non-durable goods, cf. Table VI.0.2. These estimates are also very significant.

The NTM-model takes the trade-block effect into account, plus the additional effect of the measured size of the non-tariff measure through the survey data. Therefore, this model aims at estimating, not only the trade-block effect, but also the effect that the intra-block preference can be larger in sectors where the NTMs are high. Or that the impact of intra-block preference is smaller in sectors where there are only minor non-tariff measures in the first place. Taking these aspects into account blurs the clear picture from the dummy-model.

We still find that EEA-members trade more, but this effect is only significant in the technology and non-durables sectors. Taking the specific NTM measures in durable goods into account dismiss the hypothesis that there is a positive (or negative) EEA-effect. Furthermore, taking the specific NTM-measures into account dismiss the hypothesis that the EEA-effect is higher in non-durables than in technology goods. The negative impact of transatlantic trade flows is confirmed, but only for durable goods. The negative transatlantic effect in technology goods is no longer significant in this model.

Table IV.0.2 Gravity estimates – pooled estimates with NTM-variables

Variable	Pooled 3 Sector Model (model B.2)		
	Technology	Durables	Non-Durables
Tariffs (w.avg MFN)	-11.787***	-7.136***	-3.092***
Intra-EU NTM effect	2.657***	0.657	2.879***
Transatlantic NTMs	-0.977	-1.832***	-0.353
Intra-NAFTA NTM effect	0.878	0.634	0.229

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ .

Source: Gravity model estimates

The proxies for geographic proximity (common border and close distance) generally turn out to have a significant and positive impact on trade although the size of the impact varies across sectors. Also, cultural ties between the two countries (captured by the common language dummy) have a small and positive impact on trade.

## IV.2 Pooled gravity regressions for service sectors – Column 1

Table IV.0.3 Services Imports – Heckman 2-stage selection model with NTM elasticities

Bilateral services imports 2004-2006							
	All Services	Business and ICT	Communi-cations	Personal, cultural, recreat	Construc-tion	Transport	Travel
	BOPS: 981 (200, less 205,236)	GTAP: 54 obs BOPS: 268,269, less 262	GTAP: 51, cmn BOPS: 245	GTAP: 55, ros BOPS: 287	GTAP: 46, cns BOPS: 249	GTAP: 48, otp; 9, wtp; 50, atp; 44, gdt BOPS: 205	GTAP: N/A BOPS: 236
First stage probit, Pr(trade)							
distance	-0.429*** (-12.23)	0.144*** (5.259)	-0.136*** (-4.578)	-0.049 (-1.527)	-0.204*** (-6.221)	-0.478*** (-15.06)	-0.633*** (-20.72)
importer FDI stocks	0.000 (1.006)	-0.000*** (-3.871)	0.000 (0.608)	-0.000*** (-3.265)	0.000 (0.480)	-0.000 (-0.978)	0.000 (0.185)
importer PCI	1.676 (0.284)	-10.273* (-1.911)	-3.173 (-0.479)	-4.249 (-0.537)	-11.358 (-1.466)	4.289 (0.757)	-2.056 (-0.389)
exporter PCI	0.369*** (14.34)	0.133*** (6.107)	-0.005 (-0.220)	0.118*** (4.432)	-0.031 (-1.133)	0.224*** (9.414)	0.147*** (6.641)
importer GDP	-1.605 (-0.271)	10.142* (1.889)	2.016 (0.303)	2.839 (0.360)	10.055 (1.305)	-3.266 (-0.573)	3.090 (0.580)
exporter GDP	-0.029 (-0.831)	0.318*** (10.87)	0.153*** (4.840)	0.208*** (5.977)	0.175*** (5.041)	-0.095*** (-2.912)	-0.321*** (-10.48)
EU	0.313*** (4.840)	-1.038*** (-18.67)	-0.881*** (-14.49)	-0.851*** (-12.87)	-0.665*** (-9.985)	-0.159*** (-2.600)	0.079 (1.389)
NAFTA	-0.177 (-1.294)	-0.604*** (-5.475)	-0.289** (-2.477)	-0.221* (-1.836)	-0.812*** (-6.290)	-0.315** (-2.180)	0.497*** (4.212)
Observations	5153	5161	4714	4536	4604	5055	5315
Pr >0	0	0	0	0	0	0	0
Chi-Sq	2534	2137	1667	1372	1374	2628	2741
Second stage: value of imports as dependent variable, fixed effect estimates							
distance	-1.118*** (-26.73)	-1.184*** (-23.69)	-1.336*** (-14.64)	-0.660*** (-6.492)	-1.222*** (-8.587)	-0.944*** (-20.08)	-1.126*** (-22.27)
border	0.484*** (4.326)	0.275* (1.676)	0.686*** (3.791)	0.692*** (2.971)	0.730*** (2.739)	0.658*** (5.837)	0.647*** (6.072)
language	0.680*** (6.723)	0.358*** (2.844)	0.072 (0.319)	0.417* (1.710)	0.263 (0.595)	0.626*** (5.464)	0.659*** (6.470)
EU interaction with NTM index	0.803** (2.458)	0.956** (2.500)	0.017 (0.0358)	-0.929 (-0.468)	2.761 (1.596)	-0.670*** (-2.891)	0.070 (0.506)
NAFTA interacted with NTM index	2.078*** (2.765)	-0.119 (-0.159)	2.045* (1.881)	-4.762 (-1.172)	7.138 (0.782)	1.425* (1.807)	0.588 (1.409)
ATLANTIC interacted with NTM	-1.758**	1.792**	0.079	3.228	-14.089**	0.583	-0.294

Bilateral services imports 2004-2006							
	All Services	Business and ICT	Communi-cations	Personal, cultural, recreat	Construc-tion	Transport	Travel
	BOPS: 981 (200, less 205,236)	GTAP: 54 obs BOPS: 268,269, less 262	GTAP: 51, cmn BOPS: 245	GTAP: 55, ros BOPS: 287	GTAP: 46, cns BOPS: 249	GTAP: 48, otp; 9, wtp; 50, atp; 44, gdt BOPS: 205	GTAP: N/A BOPS: 236
index							
	(-2.503)	(2.085)	(0.101)	(0.863)	(-2.510)	(1.153)	(-1.135)
inverse Mills ratio	0.173	1.001***	0.054	1.464***	0.475	-0.372**	-0.691***
	(1.181)	(3.842)	(0.105)	(2.813)	(0.650)	(-2.287)	(-4.621)
Observations	3162	2134	1116	800	780	2960	2794
R-squared	0.834	0.829	0.813	0.753	0.753	0.792	0.818
Post-Selection Model: fixed effect decomposition for NTM elasticities							
NTM trade elasticity	-1.983*	-3.178**	-0.577	-8.712***	-4.205**	0.253	0.051
	(-1.771)	(-2.490)	(-0.701)	(-2.763)	(-2.108)	(0.312)	-0.0825
Number of importers	38	49	43	39	41	44	44

Robust t-ratios and z-ratios given in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Note: NTM elasticities are based on GLM regression analysis of importer fixed effects, including the NTM index. As both trade and NTMs are in logs, this gives us an elasticity.

### IV.3 Pooled gravity regressions for FDI

We have also run a gravity model estimation of bilateral foreign direct investment (FDI) flows between the European Union and the United States. The FDI data is from the Eurostat database. The remaining data stems from the ECORYS survey of the perceived barriers to investments in alternative host countries as well as supplementary data on tariffs and traditional gravity variables (distance, language and border). This analysis contains the results for the 11 sectors (excluding pharmaceuticals and cosmetics) for which FDI data is available. Gravity estimations were carried out on an aggregate level where all sectors are pooled, and on a disaggregate level where sectors are grouped into technology, durable goods and non-durable goods. There is not enough FDI data to carry out estimations on a sectoral level.

The first column in Table IV. 0.4 lists the results when data is pooled over all the sectors. Of the three gravity variables, only language turns out to have a significant impact on FDI which suggests that the FDI decision is different from the trade decision. FDI typically involves a large degree of knowledge transfer in which case cultural ties (proxied by common language) matter. Trade in manufactures, on the other hand, involves the



transfer of a physical product in which case transportation costs (proxied by distance and border) are important.

The positive sign on tariffs suggests that FDI is driven by a tariff-jumping motive, i.e. that foreign firms tend to invest in countries with high tariffs rather than serving the market through trade. The three pooled sector specifications show that this result is driven by a strong tariff-jumping behaviour in the durable goods sector, where there is a large and positive effect of tariffs on FDI, cf. Column 4.

Table IV. 0.4 Gravity Estimates – Pooled Estimates for FDI

Variable	Pooled Model, All Sectors	Pooled Model, 3 Sectors ("Technology")	Pooled Model, 3 Sectors ("Durables")	Pooled Model, 3 Sectors ("Non-durables")
Tariffs (w.avg MFN)	9.554**	30.900	17.619**	-7.820
Distance	0.258	1.045	-0.177	0.237
Language	1.759***	1.794*	2.296***	1.968***
Border	-0.481	0.544	-1.340**	-0.153
Intra-EU effect	7.490	-13.714	-31.507*	10.896
Transatlantic NTMs	22.731**	-8.581	-3.554	31.597**
Constant	-2.676	-0.141	8.815	-5.217
Number of obs	365	86	159	120
Number of investors	12	11	10	11
R <sup>2</sup>	0.351	0.473	0.395	0.581

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Significant estimates are highlighted in boldface.

Source: Gravity model estimates for bilateral FDI flows.

The regional NTM dummies only turn out significant in a few cases. On the aggregate level, there appears to be a positive and significant effect of transatlantic NTMs on investments but also that this effect is driven mainly by the non-durable goods sector, cf. column 5. Results from the durable goods sector suggest that the intra-EU effect is negative and significant on a 10 percent level, cf. column 4. These results are counterintuitive and could be explained by the low number of observations compared to the trade estimations.



# Annex V Sector specific gravity regression results

## V.1 Sector specific gravity regressions for goods sectors

In this Annex, we present the sector specific gravity regressions that were carried out as part of the study for each of the goods sectors specified in the Terms of Reference plus the sector wood, wood products, paper and paper products.

The Intra-EU effect, Intra-NAFTA effect and Transatlantic NTM effects are used – as well as the tariff elasticity – to calculate trade cost equivalents of current existing NTMs and regulatory divergence.

Table V.0.1 Gravity estimates – Chemicals

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("non-durable" in model B.2)
Tariffs (w.avg MFN)	<b>-5.900***</b> [-4.567]	-3.092*** [-4.96]
Distance	<b>-1.197***</b> [-24.28]	-1.177*** [-16.61]
Language	<b>0.306***</b> [2.736]	0.343* [1.84]
Border	<b>0.244*</b> [1.849]	0.213 [1.06]
Intra-EU effect	<b>1.966***</b> [4.339]	2.879*** [6.61]
Intra-NAFTA effect	<b>-2.530*</b> [-1.866]	0.229 [0.20]
Transatlantic NTMs	<b>-0.261</b> [-0.540]	-0.353 [-0.83]
Observations	<b>2509</b>	9985
Unique importers	<b>32</b>	32
R <sup>2</sup>	<b>0.829</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.2 Gravity estimates – Pharmaceuticals

	Sector Specific Model (model 3)	Pooled Model, 3 Sectors ("non-durable" in model B.2)
Tariffs (w.avg MFN)	<b>-11.550***</b> [-4.092]	-3.092*** [-4.96]
Distance	<b>-0.609***</b> [-7.792]	-0.398*** [-4.46]
Language	<b>0.445***</b> [2.947]	0.379* [1.80]
Border	<b>-0.123</b> [-0.624]	0.089 [0.36]
Intra-EU effect	<b>2.178***</b> [2.991]	2.879*** [6.61]
Intra-NAFTA effect	<b>2.669</b> [1.560]	0.229 [0.20]
Transatlantic NTMs	<b>0.728</b> [1.139]	-0.353 [-0.83]
Observations	<b>1912</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.804</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.3 Gravity estimates – Machinery

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("durable" in model B.2)
Tariffs (w.avg MFN)	<b>-7.856***</b> [-5.394]	-3.092*** [-4.96]
Distance	<b>-0.985***</b> [-20.33]	-0.398*** [-4.46]
Language	<b>0.576***</b> [5.986]	0.379* [1.80]
Border	<b>-0.149</b> [-1.241]	0.089 [0.36]
Intra-EU effect	<b>0.495</b> [0.650]	2.879*** [6.61]
Intra-NAFTA effect	<b>1.159</b> [0.927]	0.229 [0.20]
Transatlantic NTMs	<b>-1.171**</b> [-2.235]	-0.353 [-0.83]
Observations	<b>2298</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.876</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.4 Gravity estimates – Electronics

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("technology" in model B.2)
Tariffs (w.avg MFN)	<b>-12.356***</b> [-7.770]	-11.787*** [-4.44]
Distance	<b>-0.882***</b> [-15.64]	-0.929*** [-12.19]
Language	<b>0.314***</b> [2.827]	0.180 [0.97]
Border	<b>-0.352***</b> [-2.586]	-0.241 [-1.10]
Intra-EU effect	<b>2.791***</b> [2.655]	2.657*** [3.14]
Intra-NAFTA effect	<b>0.980</b> [0.654]	0.878 [0.59]
Transatlantic NTMs	<b>-2.869***</b> [-4.461]	-0.977 [-1.57]
Observations	<b>2267</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.853</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.5 Gravity estimates – Office &amp; communications equipment

	Sector Specific Model (model 3)	Pooled Model, 3 Sectors ("technology" in model B.2)
Tariffs (w.avg MFN)	4.134 [1.235]	<b>-11.787***</b> [-4.44]
Distance	-1.044*** [-15.15]	<b>-1.025***</b> [-9.44]
Language	0.372*** [2.816]	<b>0.243</b> [1.10]
Border	-0.338* [-1.899]	<b>-0.460*</b> [-1.68]
Intra-EU effect	1.632** [2.094]	<b>2.657***</b> [3.14]
Intra-NAFTA effect	-2.888 [-1.495]	<b>0.878</b> [0.59]
Transatlantic NTMs	-2.373*** [-3.365]	<b>-0.977</b> [-1.57]
Observations	1942	<b>9985</b>
Unique importers	32	
R <sup>2</sup>	0.868	
Chi <sup>2</sup>		<b>58217</b>

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.6 Gravity estimates – Automotive

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("durables" in model B.2)
Tariffs (w.avg MFN)	<b>-0.807</b> [-0.701]	-7.136*** [-4.63]
Distance	<b>-1.435***</b> [-24.00]	-1.175*** [-15.67]
Language	<b>0.447***</b> [3.090]	0.431** [2.36]
Border	<b>-0.327*</b> [-1.833]	-0.116 [-0.55]
Intra-EU effect	<b>0.416</b> [0.846]	0.657 [1.61]
Intra-NAFTA effect	<b>5.098**</b> [2.218]	0.634 [0.58]
Transatlantic NTMs	<b>-3.702***</b> [-5.465]	-1.832*** [-4.37]
Observations	<b>2314</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.817</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.7 Gravity estimates – Food &amp; beverages

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("non-durables" in model B.2)
Tariffs (w.avg MFN)	<b>-2.503***</b> [-4.958]	-3.092*** [-4.96]
Distance	<b>-0.904***</b> [-13.66]	-0.990*** [-13.80]
Language	<b>0.446***</b> [3.603]	0.375** [2.03]
Border	<b>0.578***</b> [3.617]	0.519** [2.29]
Intra-EU effect	<b>4.308***</b> [4.469]	2.879*** [6.61]
Intra-NAFTA effect	<b>0.305</b> [0.204]	0.229 [0.20]
Transatlantic NTMs	<b>-0.286</b> [-0.452]	-0.353 [-0.83]
Observations	<b>2174</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.777</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.8 Gravity estimates – Iron, steel and metal products

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("durables" in model B.2)
Tariffs (w.avg MFN)	<b>-14.521***</b> [-10.12]	-7.136*** [-4.63]
Distance	<b>-1.260***</b> [-23.83]	-1.318*** [-17.20]
Language	<b>0.417***</b> [3.463]	0.429** [2.19]
Border	<b>0.033</b> [0.222]	0.059 [0.26]
Intra-EU effect	<b>1.204*</b> [1.788]	0.657 [1.61]
Intra-NAFTA effect	<b>-1.412</b> [-0.745]	0.634 [0.58]
Transatlantic NTMs	<b>-1.619**</b> [-2.333]	-1.832*** [-4.37]
Observations	<b>2183</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.800</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.9 Gravity estimates – Textiles, clothing and footwear

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("non-durables" in model B.2)
Tariffs (w.avg MFN)	<b>-6.609***</b> [-8.300]	-3.092*** [-4.96]
Distance	<b>-0.794***</b> [-14.56]	-0.816*** [-9.16]
Language	<b>0.151</b> [1.386]	0.114 [0.53]
Border	<b>0.238*</b> [1.705]	0.389 [1.59]
Intra-EU effect	<b>1.635***</b> [3.676]	2.879*** [6.61]
Intra-NAFTA effect	<b>0.028</b> [0.0195]	0.229 [0.20]
Transatlantic NTMs	<b>-2.242***</b> [-4.694]	-0.353 [-0.83]
Observations	<b>2026</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.812</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

Table V.0.10 Gravity estimates – Wood and paper

	Sector Specific Model (model 5)	Pooled Model, 3 Sectors ("non-durables" in model B.2)
Tariffs (w.avg MFN)	<b>-8.965***</b> [-5.140]	-7.136*** [-4.63]
Distance	<b>-1.407***</b> [-23.48]	-1.595*** [-17.38]
Language	<b>0.448***</b> [3.547]	0.565*** [2.58]
Border	<b>-0.086</b> [-0.554]	-0.227 [-0.96]
Intra-EU effect	<b>1.777***</b> [3.018]	0.657 [1.61]
Intra-NAFTA effect	<b>-1.133</b> [-0.557]	0.634 [0.58]
Transatlantic NTMs	<b>-1.996***</b> [-3.032]	-1.832*** [-4.37]
Observations	<b>2160</b>	9985
Unique importers	<b>32</b>	
R <sup>2</sup>	<b>0.802</b>	
Chi <sup>2</sup>		58217

Note: \*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.10$ . Preferred model highlighted in boldface.

Source: Gravity model estimates.

## V.2 Sector specific gravity regressions for service sectors

In this Annex, we present the sector specific gravity regressions that were carried out as part of the study for each of the service sectors specified in the Terms of Reference.

Conceptually, the basic approach followed for services NTM estimation is the same as for goods. This means our estimates of services trade barriers are drawn from gravity modeling of bilateral services trade. However, while the core estimating equation is the same, we have had to make allowances for severe data limitations, and also for the different nature of goods and service market integration in Europe and North America.

Due to severe data limitations, gravity estimates for services are often based on total trade with world (See for example Francois, Hoekman, Woerz 2007; Francois 2001; Francois, van Meijl and van Tongeren 2005; Francois and Wignarajan 2008). An example of a gravity model with bilateral services trade is Francois (1993), while Sapir and Lutz (1981) and Sapir (1981) offer early examples of the gravity model applied to balance of payments-based (total) trade data. Park (2002) extends the Francois (2001) method, which was based on total trade in the GTAP database, to bilateral trade. However, the Park estimates rely on early GTAP services trade flows, which were themselves generated by a gravity model. As such, his estimates actually provide no more information than provided by the aggregate data, as in Francois (2001).



### Data

NTMs: Our primary source for NTMs for services FDI come from the OECD (2007) and our firm survey. To maximize country coverage, we work with a composite index based on the OECD indexes, supplemented with additional information from the surveys.<sup>19</sup> The OECD provides indexes ranging from 0 to 1. The index itself measures regulatory barriers and restrictions limiting foreign access in the service sector linked to investment, operation of firms, and movement of persons necessary for firms to operate. The survey data range from 0 to 100. We scale both the indexes as a log indexes for regression analysis, where  $\text{index} = \ln(1+0.01*\text{index})$ .

Trade: Recently, access to improved bilateral datasets makes it possible to develop estimates from bilateral trade flows instead. This offers the advantage of isolating the impact of bilateral agreements, and also of allowing more observations per exporter and importer so that general openness (based on importer effect variables) can be better quantified. In the present context, we work with the pre-release version of a dataset of bilateral trade flows organized by balance of payments service sectors (BOPs). This dataset combines data from multiple sources: bilateral trade data, aggregate trade data, service sector FDI stocks, and service sector FDI flows from the IMF, OECD, EUROSTAT, BEA, and national sources. (See Francois et al 2008). The dataset is under development, and is currently being extended on the basis of national source data. It offers better coverage for aggregate trade categories (all trade, transport, travel, and other commercial services) than for more detailed sectors. We work with the recent trade data in the data cube, from 2004-2006. At one extreme, for Total Trade in Services (BOPs 200) we have observations on 5,153 trade flows between 2004 and 2006, of which 3,162 are non-zero. In contrast, for Personal, Cultural, and Recreational Services (BOPs 287) we have observations on 4,536 bilateral flows, of which only 800 are non-zero. The dominance of zeros in the data means we rely on selection model-based econometrics to derive estimates of trade barriers. This also means we will rely on sector specific selection models (i.e. Heckman selection modeling) rather than pool the sample as is the case in this study with trade in goods.

### Econometrics

Working with BOPs-based bilateral trade data, we have estimated a standard basic gravity equation for bilateral services trade in the form of a selection model:

$$\Pr(M_{i,j,t} > 0) = \mathbf{G}'\mathbf{Z} + e_{i,j,t}$$
$$\ln(M_{i,j,t}) = \mathbf{B}'\mathbf{X} + \varepsilon_{i,j,t} \Big|_{\Pr(M_{i,j,t}) > 0}$$

Where  $M$  is imports by country  $j$  from country  $i$  in period  $t$ , and  $\Pr(M) > 0$  is the probability that we have non-zero imports. The first equation is estimated as a probit function, while from this we calculate a variable known as the Mills-ratio that is include in the second stage regression. This approach (technically a Heckman selection model) corrects for sample selection bias by including zero trade flows in the estimation process.

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<sup>19</sup> The OECD indexes cover 43 countries. By regressing the OECD index on our survey results, and using this to calculate indexes for country outside the core OECD sample, we obtain estimates by sector for up to 51 unique importers.

The vectors **G** and **B** are the sets of coefficients to be estimated, while **Z** and **X** are the sets of explanatory variables. For the probit, **Z** this includes distance, FDI stocks, GDP and per-capita income, and regional agreement dummy variables. For trade values in the second stage, **X** includes country and time dummies as appropriate (fixed effects), interaction of the NTM index with an intra-RTA (regional trade agreement) dummies, distance, common language, and shared borders. As such, the core estimating equation maps to the formulation used for goods. However, there is a critical difference. We do not have tariff data for services, and so there is not a direct way to estimate price elasticities. What we have done is employed a third-stage estimator. After the second stage fixed-effect regressions, we have decomposed the estimated importer fixed effect coefficients (which are a measure of multilateral propensity to export), including a regression against our NTM index. The resulting coefficient provides an NTM elasticity – the observed percent change in imports in response to percent changes in the NTM index. We use these NTM elasticities to make the trade cost calculations reported in the service sector discussion in this report.

Regression results are reported in the tables below. Note that the intra-EU coefficients are trade diversion elasticities (analogous to a trade tariff elasticity in gravity modeling for goods). They would only be the same if we had full elimination of NTMs within the EU. Otherwise, we expect the EU coefficient to be smaller than the overall NTM elasticities (or technically, at most to be statistically the same allowing for standard errors in the estimates).

#### *Linkages between modes*

Data limitations preclude formal scenario-modeling of how NTMs interact across modes in the context of FTAs. However, we do have evidence (Fillat, Francois, Woerz 2008) that over the long-run, there is a complementarity between FDI restrictions and trade restrictions. In particular, over the long-run, we see that trade follows FDI penetration in the service sectors. This is illustrated in the figure below, taken from the Fillat et al paper. In the paper, they employ dynamic panel estimation methods to examine the long-run joint evolution of services trade and FDI flows. These results support the notion that market access in services is a function of joint market access across modes.

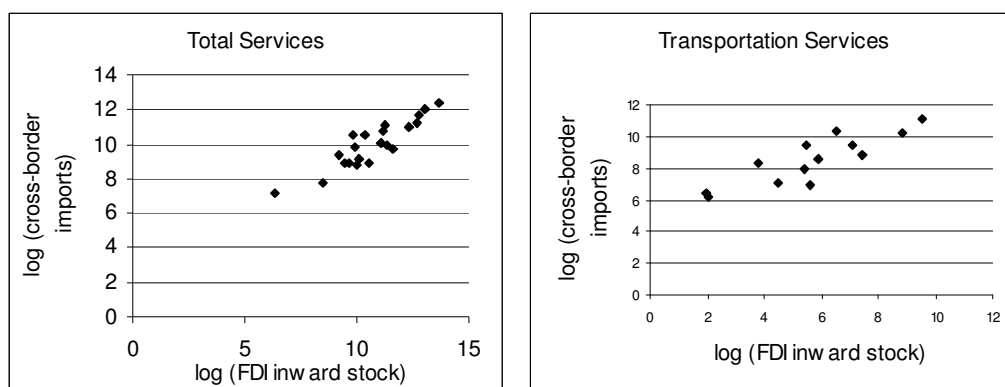
Table V.0.11 Services Imports – Heckman 2-stage selection model with NTM elasticities

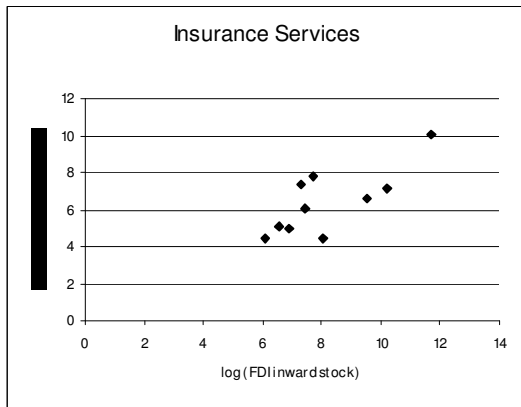
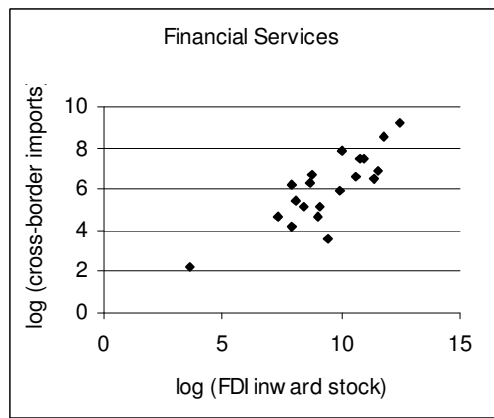
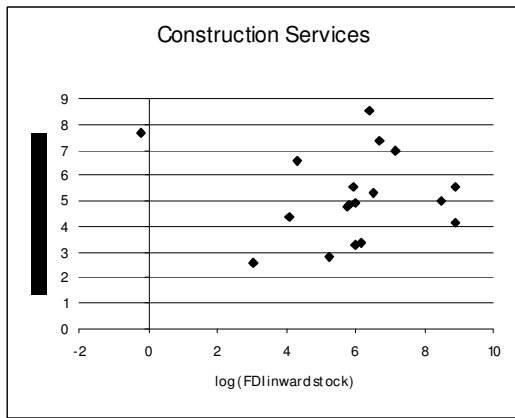
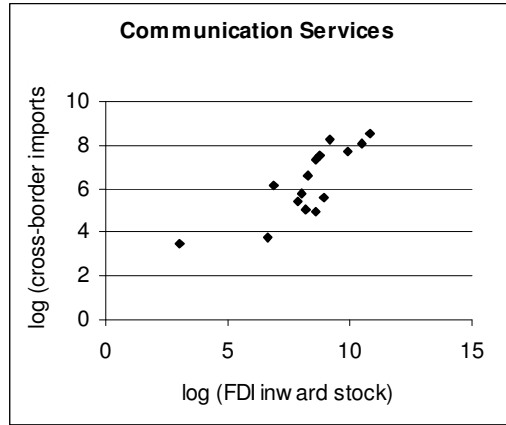
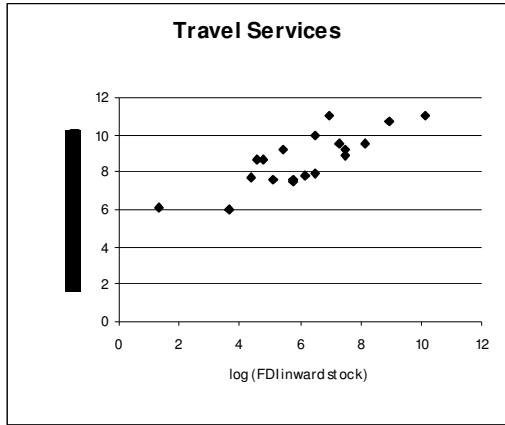
Bilateral services imports 2004-2006							
	All Services	Business and ICT	Communi-cations	Personal, cultural, recreat	Construc-tion	Transport	Travel
	BOPS: 981 (200, less 205,236)	GTAP: 54 obs BOPS: 268,269, less 262	GTAP: 51, cmn BOPS: 245	GTAP: 55, ros BOPS: 287	GTAP: 46, cns BOPS: 249	GTAP: 48, otp; 9, wtp; 50, atp; 44, gdt BOPS: 205	GTAP: N/A BOPS: 236
First stage probit, Pr(trade)							
distance	-0.429*** (-12.23)	0.144*** (5.259)	-0.136*** (-4.578)	-0.049 (-1.527)	-0.204*** (-6.221)	-0.478*** (-15.06)	-0.633*** (-20.72)
importer FDI stocks	0.000 (1.006)	-0.000*** (-3.871)	0.000 (0.608)	-0.000*** (-3.265)	0.000 (0.480)	-0.000 (-0.978)	0.000 (0.185)
importer PCI	1.676 (0.284)	-10.273* (-1.911)	-3.173 (-0.479)	-4.249 (-0.537)	-11.358 (-1.466)	4.289 (0.757)	-2.056 (-0.389)
exporter PCI	0.369*** (14.34)	0.133*** (6.107)	-0.005 (-0.220)	0.118*** (4.432)	-0.031 (-1.133)	0.224*** (9.414)	0.147*** (6.641)
importer GDP	-1.605 (-0.271)	10.142* (1.889)	2.016 (0.303)	2.839 (0.360)	10.055 (1.305)	-3.266 (-0.573)	3.090 (0.580)
exporter GDP	-0.029 (-0.831)	0.318*** (10.87)	0.153*** (4.840)	0.208*** (5.977)	0.175*** (5.041)	-0.095*** (-2.912)	-0.321*** (-10.48)
EU	0.313*** (4.840)	-1.038*** (-18.67)	-0.881*** (-14.49)	-0.851*** (-12.87)	-0.665*** (-9.985)	-0.159*** (-2.600)	0.079 (1.389)
NAFTA	-0.177 (-1.294)	-0.604*** (-5.475)	-0.289** (-2.477)	-0.221* (-1.836)	-0.812*** (-6.290)	-0.315** (-2.180)	0.497*** (4.212)
Observations	5153	5161	4714	4536	4604	5055	5315
Pr >0	0	0	0	0	0	0	0
Chi-Sq	2534	2137	1667	1372	1374	2628	2741
Second stage: value of imports as dependent variable, fixed effect estimates							
distance	-1.118*** (-26.73)	-1.184*** (-23.69)	-1.336*** (-14.64)	-0.660*** (-6.492)	-1.222*** (-8.587)	-0.944*** (-20.08)	-1.126*** (-22.27)
border	0.484*** (4.326)	0.275* (1.676)	0.686*** (3.791)	0.692*** (2.971)	0.730*** (2.739)	0.658*** (5.837)	0.647*** (6.072)
language	0.680*** (6.723)	0.358*** (2.844)	0.072 (0.319)	0.417* (1.710)	0.263 (0.595)	0.626*** (5.464)	0.659*** (6.470)
EU interaction with NTM index	0.803** (2.458)	0.956** (2.500)	0.017 (0.0358)	-0.929 (-0.468)	2.761 (1.596)	-0.670*** (-2.891)	0.070 (0.506)
NAFTA interacted with NTM index	2.078*** (2.765)	-0.119 (-0.159)	2.045* (1.881)	-4.762 (-1.172)	7.138 (0.782)	1.425* (1.807)	0.588 (1.409)
ATLANTIC interacted with NTM index	-1.758** (-2.503)	1.792** (2.085)	0.079 (0.101)	3.228 (0.863)	-14.089** (-2.510)	0.583 (1.153)	-0.294 (-1.135)

Bilateral services imports 2004-2006							
	All Services	Business and ICT	Communi- cations	Personal, cultural, recreat	Construc- tion	Transport	Travel
	BOPS: 981 (200, less 205,236)	GTAP: 54 obs BOPS: 268,269, less 262	GTAP: 51, cmn BOPS: 245	GTAP: 55, ros BOPS: 287	GTAP: 46, cns BOPS: 249	GTAP: 48, otp; 9, wtp; 50, atp; 44, gdt BOPS: 205	GTAP: N/A BOPS: 236
inverse Mills ratio	0.173 (1.181)	1.001*** (3.842)	0.054 (0.105)	1.464*** (2.813)	0.475 (0.650)	-0.372** (-2.287)	-0.691*** (-4.621)
Observations	3162	2134	1116	800	780	2960	2794
R-squared	0.834	0.829	0.813	0.753	0.753	0.792	0.818
Post-Selection Model: fixed effect decomposition for NTM elasticities							
NTM trade elasticity	-1.983* (-1.771)	-3.178** (-2.490)	-0.577 (-0.701)	-8.712*** (-2.763)	-4.205** (-2.108)	0.253 (0.312)	0.051 (-0.0825)
Number of importers	38	49	43	39	41	44	44

Robust t-ratios and z-ratios given in parentheses. \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Note: NTM elasticities are based on GLM regression analysis of importer fixed effects, including the NTM index. As both trade and NTMs are in logs, this gives us an elasticity.

Table V.0.12 Correlation between alternative modes of services delivery by sector (average 2001-2004)





Source: Fillat, Francois, and Woerz (2008).



## Annex VI Business survey results

An extensive, global business survey for companies was carried out in order to validate the main NTMs in each sector and to view directly from the companies on the relative levels of restrictiveness. The survey allowed firms in every sector on both sides of the Atlantic and in third countries to send in their responses related to NTMs and regulatory divergence faced, to comment on market structures and price sensitivities and to indicate the differences in trade and investment barriers.

The business survey was carried out from May to July 2008.

### VI.1 Dissemination strategy

As said, the business survey was designed to listen to firms and businesses active in trade and investment with the EU and/or US and take note of the general levels of restrictiveness they experience as well as the specific barriers that cause most challenges.

For the survey to be relevant as an input into the gravity estimations, as high as possible response rate from EU, US and third country firms was needed. To achieve a sufficiently high response rate, an explicit dissemination strategy for the questionnaire was used. This strategy is presented schematically in Figure VI.0.1.

#### *Strategy for approach*

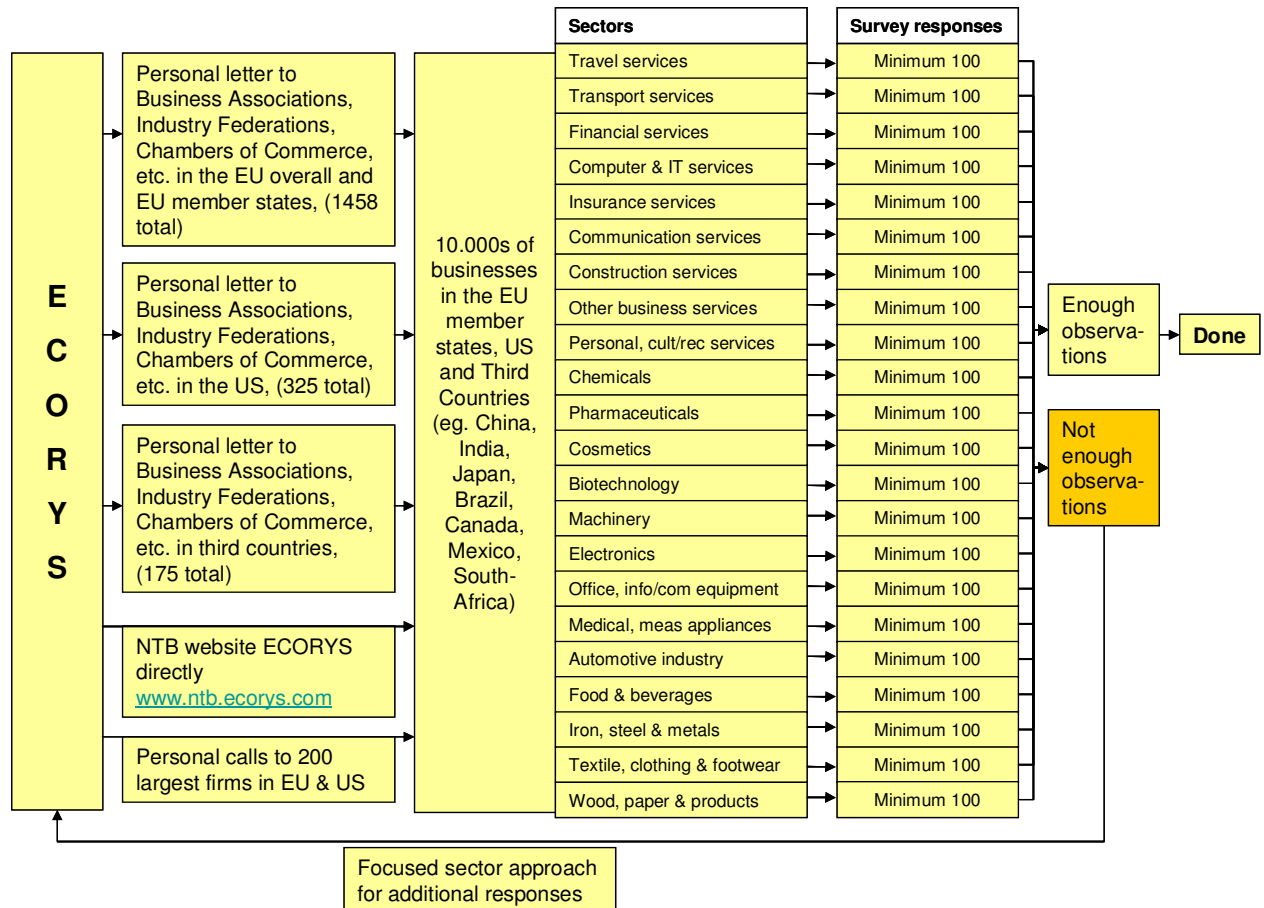
First, we collected the contact details and approached the Chambers of Commerce of all 27 EU members' states and the US, of Eurochambers and of the sector specific associations of the EU and US and sector specific associations of ten 'third countries'. We opted for a personal approach, because this would make the subsequent rate of dissemination from the associations higher. The official letter to participate in the business survey was sent to all associations. It asked for broad support for the business survey and NTM study and explained the purpose of the study, provided information about where and how to fill out the survey and mentioned the importance of the study.

Added to the business survey letter were recommendation letters authorised or signed by:

- Mr. Peter Mandelson, Trade Commissioner in the European Commission;
- US Chamber of Commerce;
- Transatlantic Business Dialogue (TABD);
- European-American Business Council (EABC);
- Transatlantic Policy Network (TPN);
- Transatlantic Legislators Dialogue (TLD);
- American Chamber of Commerce to the EU (AMCHAM EU);

- Business Europe (BE).  
Emphasising the importance of the business survey work in particular and the overall study in general.

Figure VI.0.1 Schematic overview dissemination strategy



A permanent helpline and email address were opened to provide businesses with the possibility for direct phone or email assistance. This possibility was provided to prevent people from breaking off the questionnaire in the case of questions that were not understood or entirely clear. Every day four people were available to respond to calls and the lion's share of the emailed questions were answered within one day.

In addition to the website survey, also PDF-versions were made available in order to further facilitate the response rates of businesses.

A small number of large companies account for a major amount of trade and investment volumes in the world. If these large firms in the EU, US or in third countries, fill out the survey, a large part of the transatlantic trade and investment flows are covered. Therefore we contacted the 200 largest EU and US companies to inform them about the importance of the NTM study and personally asked for their cooperation with regard to the business survey. We managed to reach between 25 percent - 30 percent of these firms directly. Moreover, we cooperated closely in this endeavour with five umbrella associations/federations (US Chamber of Commerce, EABC, TABD, American Chamber



of Commerce to the EU, and Business Europe) to gather the specific contact details of these 200 largest companies.

### *Response rates from the survey*

For several sectors, the response rates were high (e.g. electronics, machinery, and chemicals), for others they were much lower (e.g. biotechnology, paper & wood products, and communications services). The methodology used depended partially on the business survey for indexes: the need for sector-specific bilateral country pair NTM indexes ( $N_{ijk}$ ) with sufficient variation. In the workshop, Prof. Egger and Prof. Bergstrand set the rough level at 100 observations per sector. For the sectors where sufficient survey responses were coming in, ECORYS took no additional action, but in the sectors where this was not the case, additional – personally targeted – emails and telephone calls were made to facilitate further survey responses. It is important to note that for each survey that is handed back in, four to five bilateral country pairs could be generated.

Initially, the response rate for the ‘third countries’ stayed behind. Therefore, we called the Chambers of Commerce of all ten countries to emphasise once more the importance of the study, also for businesses operating in third countries. Also via the Technical Scientific Attaché-network (TWA) of The Netherlands, we asked experts in Singapore, Tokyo, Seoul, Beijing, New Delhi and Silicon Valley to disseminate the survey to their members. This network is part of the Dutch Ministry of Economic Affairs and every affiliate in the network has contacts with a big variety of companies in the countries where they are located.

## VI.2 Summary of overall results

Given the size of the survey (over 7.000 variables)<sup>20</sup> and 5.445 NTM indexes being generated worldwide, we present here the basic overall (average) results for the trade and investments while in the next Chapters looking at the sector-specific results:

- What are the NTM indexes that are generated?
- How discriminative are the barriers vis-à-vis domestic producers and other foreign producers?
- What are the most important export barriers that EU and US exporters face in each other’s markets? Are they actionable? What is the trend? How could they be reduced?
- What are the most important investment barriers that EU and US exporters face in each other’s markets? Are they actionable? What is the trend? How could they be reduced?

In this section, we present the average NTM indexes and discriminatory element. With respect to the most important barriers constituting these indexes, we refer to the sector specific presented in the following sub-sections (from sub-section VI.3 to sub-section VI.24).

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<sup>20</sup> With 23 sectors, five export destinations and lists of sector-specific and horizontal barriers, we multiplicatively define over 7.000 variables for which surveys are being filled in.

### Average NTM indexes

The survey generated 5.445 data points for our bilateral country pair indexes. Of these 5.445, 3.518 data points relate to NTM indexes in trade and 1.927 in investments/FDI that are summarized in the Tables below. The NTM index is calculated on a 0 – 100 scale with 0 meaning there is not one NTM or any regulatory divergence and 100 meaning there are prohibitively high NTMs and levels of regulatory divergence.

The Tables below show us the *perception* of firms on both sides of the Atlantic as well as from third countries regarding the overall levels of restrictiveness (we recall Question 12a of the survey) in terms of NTMs and regulatory divergence of systems that they feel they face.

In total, the 3.518 trade NTM observations and 1.927 investment NTM observations that have been collected from EU, US and third-country businesses lead to 2.017 and 1.088 bilateral country-pair data respectively. From Table VI.0.1, we note that the overall level of trade-related NTMs and regulatory divergence identified is slightly higher from the EU to US (40.5) than from the US to EU (36.4). With respect to investments and FDI we note the opposite: the barriers from the US to EU (24.6) are higher than from the EU to US (20.3). The relative US openness is a result also corroborated by OECD(2007). As can be expected because of ongoing internal integration, the intra-EU barriers between EU member states, both in trade-related and investment-related NTMs and regulatory divergence are lowest. Given the extent of over 50 years of efforts, both economically and legally through the *Acquis Communautaire*, the intra-EU barriers can be viewed as the lower bound for potential NTM elimination/convergence or regulatory harmonization.

Table VI.0.1 Overall levels of NTMs and regulatory divergence in **trade** and **investment** for all sectors on average

Trade	Number of observations	Country pairs	Average barrier
EU-EU	1289	736	19,2
EU-US	338	139	40,5
US-EU	345	134	36,4
Third-EU	241	191	34,8
Third-US	193	100	34,3
Third-Third	392	289	31,0
EU-Third	311	216	42,7
US-Third	409	212	39,1
<b>Total</b>	<b>3518</b>	<b>2017</b>	

Investment	Number of observations	Country pairs	Average barrier
EU-EU	642	365	16,0
EU-US	190	86	20,3
US-EU	239	97	24,6
Third-EU	133	90	22,6
Third-US	72	44	19,6
Third-Third	202	128	17,7
EU-Third	213	149	30,0

Investment	Number of observations	Country pairs	Average barrier
US-Third	236	129	32,7
<b>Total</b>	<b>1927</b>	<b>1088</b>	

Table VI.0.2 Overall levels of NTMs and regulatory divergence in **trade** by sector

Trade	EU-US	US-EU
Travel	35,6	17,6
Transport	39,9	26,3
Financial services	29,7	21,3
ICT	20,0	19,3
Insurance	29,5	39,3
Communication	44,6	27,0
Construction	45,0	37,3
Other business services	42,2	20,0
Personal, cultural and recreational services	35,8	35,4
Chemicals	45,8	53,2
Pharmaceuticals	33,8	44,7
Cosmetics	48,3	52,2
Biotechnology	46,1	50,2
Machinery	50,9	36,5
Electronics	30,8	40,0
Office, information and communication equipment	37,9	32,3
Medical, measuring and testing appliances	49,3	44,5
Automotive industry	34,8	31,6
Aerospace and space industry	56,0	55,1
Food and Beverages	45,5	33,6
Iron Steel and Metal products	35,5	24,0
Textiles clothing and footwear	35,6	48,9
Wood & paper, paper products	30,0	47,1

Table VI.0.3 Overall levels of NTMs and regulatory divergence in **investments (FDI)** by sector

Investment	EU-US	US-EU
Travel	13,6	20,3
Transport	7,4	12,3
Financial services	11,7	12,5
ICT	15	13,7
Insurance	6,5	21,8
Communication	22,5	15
Construction	8,3	12
Other business services	10,9	17,5
Personal, cultural and recreational services	6,5	21,3
Chemicals	38,2	27,9

Investment	EU-US	US-EU
Pharmaceuticals	15,5	23,4
Cosmetics	38,2	63,8
Biotechnology	29,8	44,4
Machinery	18,5	14,9
Electronics	21,9	25,8
Office, information and communication equipment	37,9	32,3
Medical, measuring and testing appliances	20,5	24,3
Automotive industry	19,9	27,0
Aerospace and space industry	56,0	55,1
Food and Beverages	21,8	20,9
Iron Steel and Metal products	28,1	17,5
Textiles clothing and footwear	14,0	27,0
Wood & paper, paper products	11,7	23,8

Table VI.0.2 and Table VI.0.3 show us the split of perceived barriers summarised per sector on average, where Table VI.0.2 shows us the barriers faced for trade flows and Table VI.0.2 the barriers faced for investment/FDI flows.

The survey results show that in some sectors (e.g. insurance, chemicals, electronics, biotechnology and textiles) EU trade NTMs and regulatory barriers are higher for US firms than vice versa. In other sectors (e.g. transport and communication services, machinery, food & beverages and iron, steel & metal products) US barriers are higher for EU firms than vice versa. With respect to investment-related NTMs and regulatory divergence, we see that the EU-US barriers tend to be lower across the board compared to US-EU barriers, with the exception of ICT, Communication services, Chemicals, Machinery, Iron, Steel and Metal products.

#### *Overall discriminatory element in NTMs and regulatory divergence*

The goal of this study is to present an overview of existing NTMs and regulatory divergences for trade and investment flows, regardless of whether the barriers are discriminatory – i.e. they apply differently to domestic versus foreign firms or they apply differently among foreign firms. However, as presented in Chapter 3, one of the elements constituting an NTM or regulatory divergence is a discriminatory element. In the business survey, EU and US firms have been asked two questions regarding this discriminatory element:

- Whether they feel treated differently compared to domestic firms operating in their market? Concretely: To US firms, the question is asked whether they feel treated at a disadvantage (or advantage) compared to (domestic) EU firms (and vice versa for the EU firm survey).
- Whether they feel treated differently compared to other foreign firms operating in the third market? Concretely: To EU firms, the question is asked whether they feel treated at a disadvantage (or advantage) compared to other foreign firms operating in the US market (and vice versa for the US firm survey).

The survey answers are scaled from 0 – 100, where 50 means they are treated equally, 0 means they feel treated extremely much better and 100 means they feel treated extremely much worse.

Table V.0.4 shows the overall results on the level of perceived discrimination of the survey. The sector-specific results on this matter are presented in more detail in the sector-specific Chapters that follow if relevant. From Table VI.0.2 we note that US/EU firms feel discriminated relative to their EU/US competitors in the latter's home markets (58.0 > 50 for US businesses and 62.1 > 50 for EU businesses). Significance levels show that these results are also statistically very significant (t-values reported in the Table). Compared to other foreign firms, EU firms feel treated slightly better in US markets (47.0 < 50) and US business feel treated slightly better in EU markets (48.2 < 50). However, only the EU business result is also statistically significant.

Table V.0.4 Perceived discriminatory element in the NTM indexes overall

	EU/US firms treated compared to US/EU domestic firms in the US/EU			EU/US firms compared to other foreign firms in US/EU		
	Average <sup>21</sup>	Statistical significance (t-value) <sup>22</sup>	Number of observations	Average	Statistical significance (t-value)	Number of observations
US business answers	58.0	3.71***	144	48.2	0.97	144
EU business answers	62.1	11.5***	352	47.0	2.66***	352

Table VI.0.5 Summary table survey and regression results for all sectors<sup>1</sup>

Nr.	Sector	FDI restrictive-ness levels (OECD/survey)		Trade restrictiveness levels (survey)		Trade cost estimates (percent)		Trade cost estimates (EUR/USD billion)
		US	EU	US	EU	US	EU	
1	Travel services	na	na	0.199	0.180	Na	na	na
2	Transport services	0.346	0.242	0.333	0.183	Na	Na	na
3	Financial services	0.275	0.107	0.254	0.131	15.0	6.0	0.8/1.1
4	Computer & information services*	0.038	0.139	0.275	0.201	3.0	8.4	2.8/3.7
5	Insurance services	0.175	0.102	0.353	0.202	10.6	6.0	0.6/0.8
6	Communications services	0.025	0.111	0.331	0.214	2.0	8.1	0.2/0.3
7	Construction services	0.025	0.045	0.206	0.168	9.5	5.4	0.08/0.1
8	Other business services*	0.038	0.139	0.275	0.201	3.0	8.4	2.8/3.7
9	Personal, cultural & recreational services	0.025	0.043	0.255	0.175	5.6	9.8	0.2/0.3
10	Chemicals	0.322	0.247	0.372	0.425	0.0	23.9	4.5/5.8

<sup>21</sup> The survey answers are scaled from 0 – 100, where 50 means they are treated equally, 0 means they feel treated extremely much better and 100 means they feel treated extremely much worse.

<sup>22</sup> Statistical probability that EU/US firms are treated equally compared to local companies/other foreign companies, i.e. that the average is statistically different from 50. \*\*\* equals statistical difference in 1 percent level, \*\* statistical difference in 5 percent level, \*statistical difference in 10 percent level and no stars that the average is not significantly different from 50.

Nr.	Sector	FDI restrictiveness levels (OECD/survey)		Trade restrictiveness levels (survey)		Trade cost estimates (percent)		Trade cost estimates (EUR/USD billion)
		US	EU	US	EU	US	EU	
11	Pharmaceuticals	0.148	0.207	0.295	0.372	9.5	15.3	2.3/3.0
12	Cosmetics	0.322	0.495	0.392	0.419	0.0	34.6	0.5/0.7
13	Biotechnology	0.365	0.262	0.405	0.378	Na	Na	na
14	Machinery	0.174	0.140	0.294	0.322	Ns	Ns	ns
15	Electronics	0.199	0.231	0.270	0.336	6.5	6.5	1.5/2.0
16	Office, info & communication equipment	0.247	0.148	0.322	0.227	10.2	19.1	1.5/2.0
17	Medical, measuring & testing appliances	0.148	0.207	0.398	0.371	Ns	Ns	ns
18	Automotive	0.182	0.239	0.300	0.277	32.3	25.5	12.6/16.4
19	Aerospace & space	0.470	0.385	0.445	0.438	0.0	18.8	4.3/5.6
20	Food & beverages	0.247	0.207	0.378	0.293	0.0	56.8	1.5/2.0
21	Iron, steel & metals	0.247	0.166	0.307	0.215	0.0	11.9	0.7/0.9
22	Textiles, clothing & footwear	0.131	0.239	0.307	0.399	8.2	19.2	0.8/1.0
23	Wood, paper, wood & paper products	0.113	0.215	0.262	0.385	0.0	11.3	0.5/0.7

<sup>1</sup> na = not available; ns = not significant; \* The gravity results for computer & information services and other business services are combined as described in the sector Chapters.

## VI.3 Aerospace

Figure VII.0.2 Average NTM indexes for Aerospace (trade-related barriers)

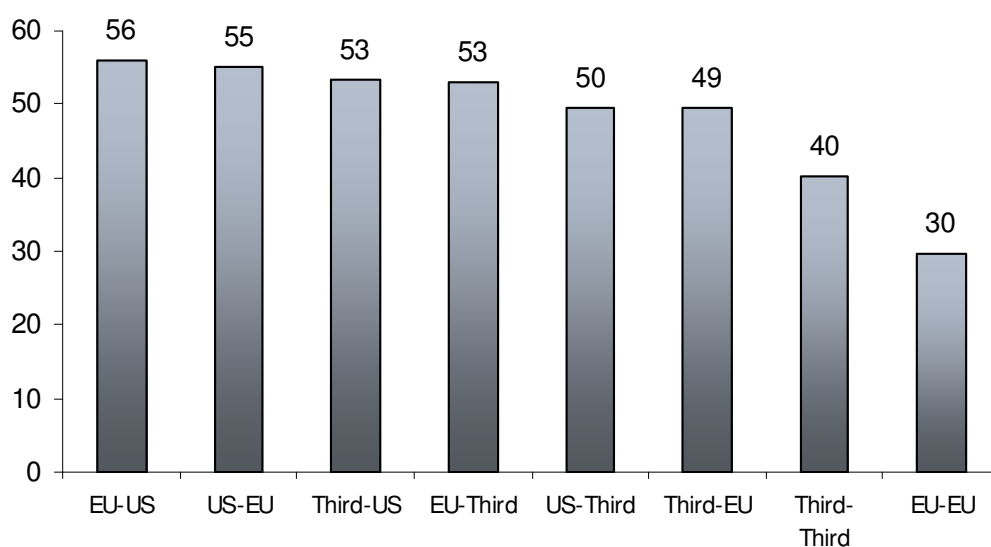


Figure VI.0.3 Average NTM indexes for Aerospace (investment-related barriers)

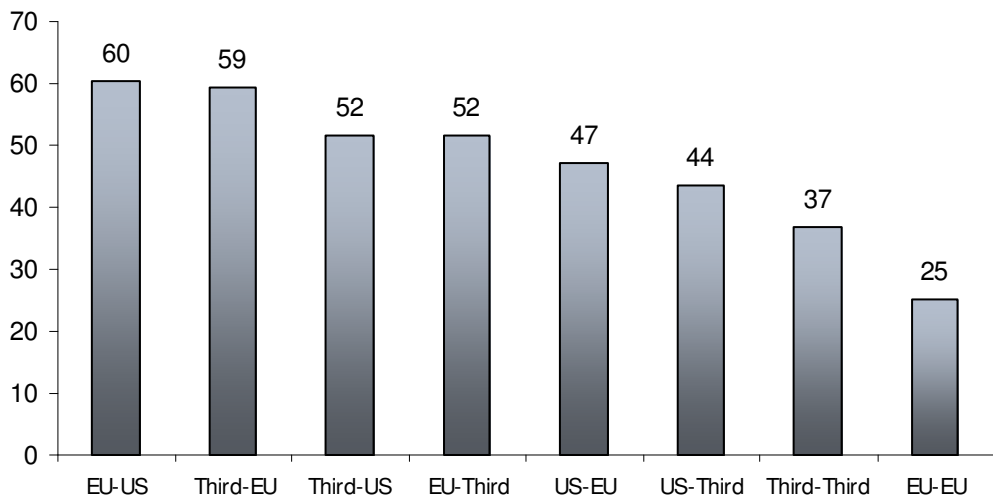


Figure VI.0.4 Distribution respondents Aerospace

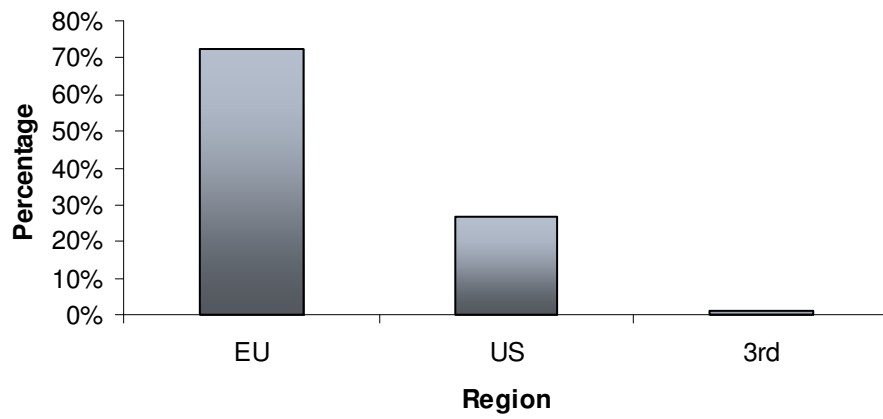


Figure VI.0.5 Turnover of Aerospace companies

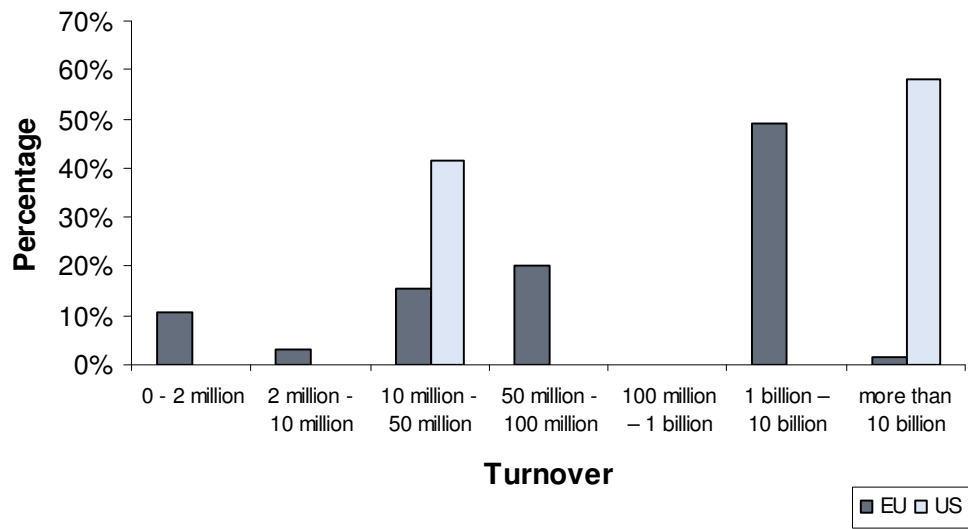
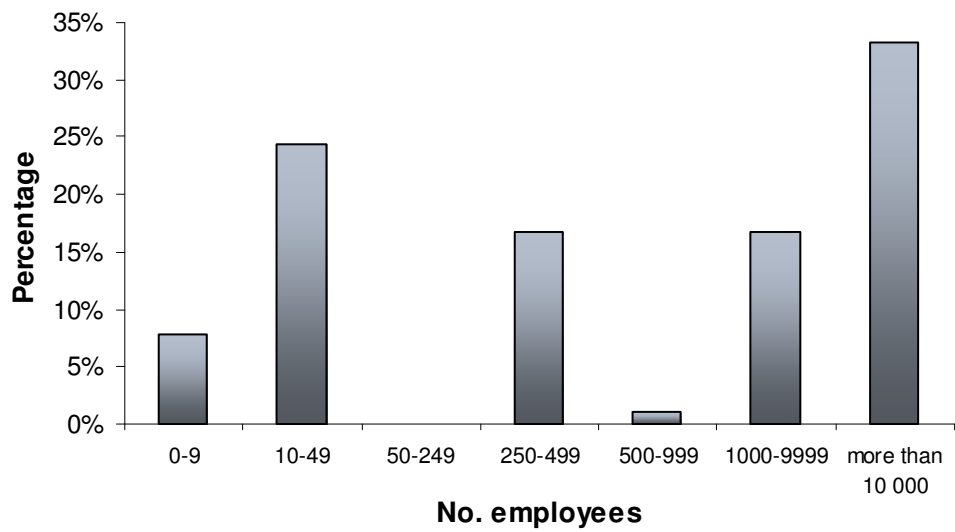


Figure VI.0.6 Size respondent companies Aerospace, number of employees (EU, US and 3rd)





## VI.4 Automotives

Figure VI.0.7 Average NTM indexes for Automotives (trade-related barriers)

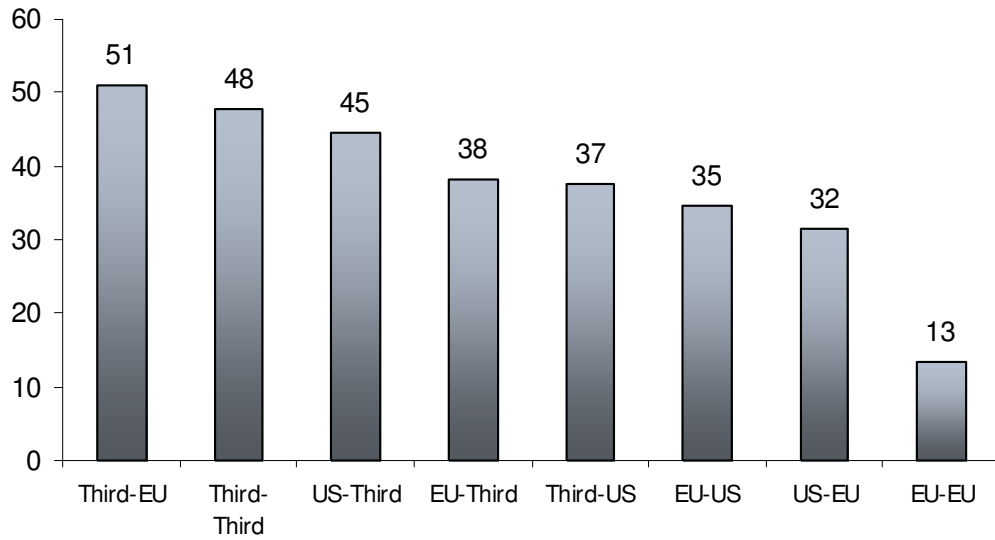


Figure VI.0.8 Average NTM indexes for Automotives (investment-related barriers)

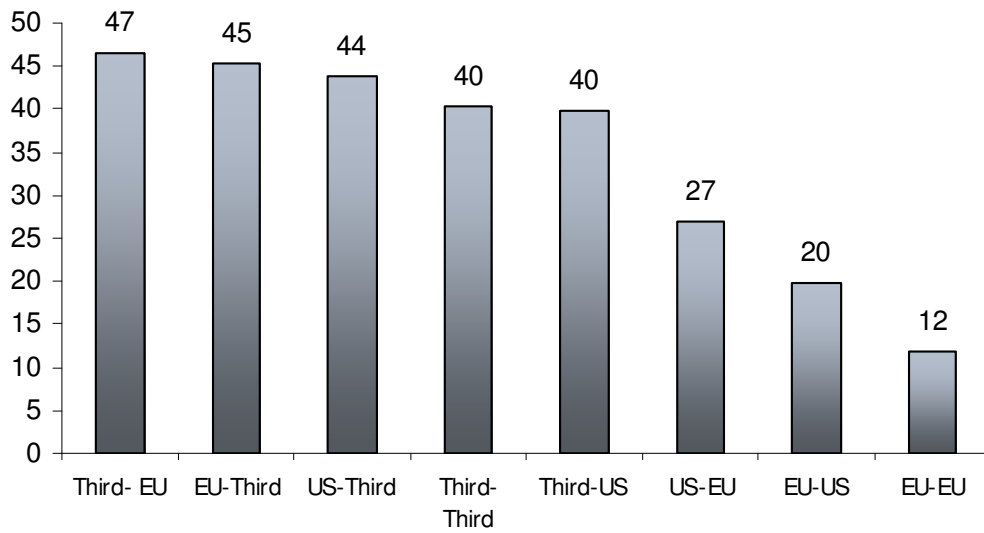


Figure VI.0.9 Distribution respondents Automotives

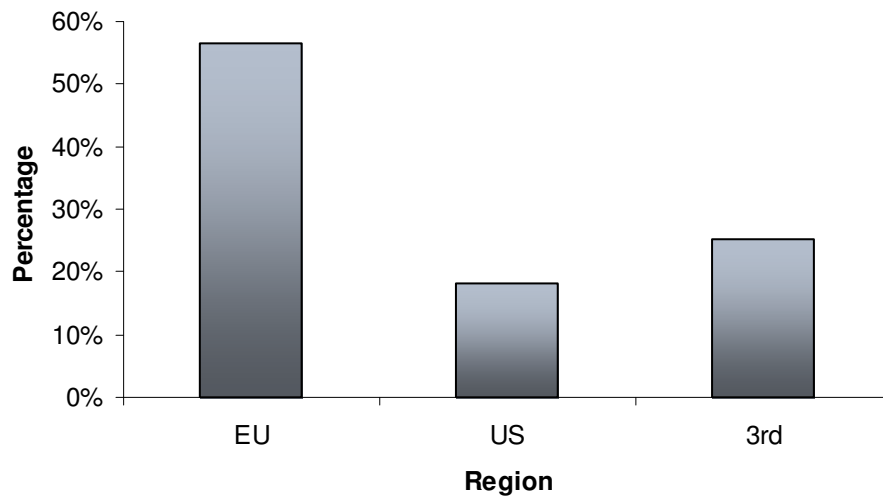


Figure VI.0.10 Turnover share of Automotives companies

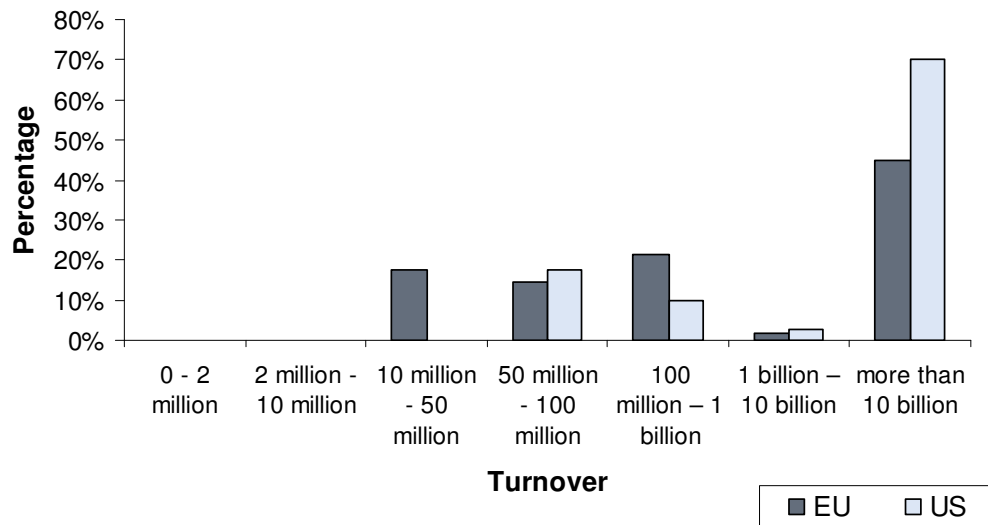
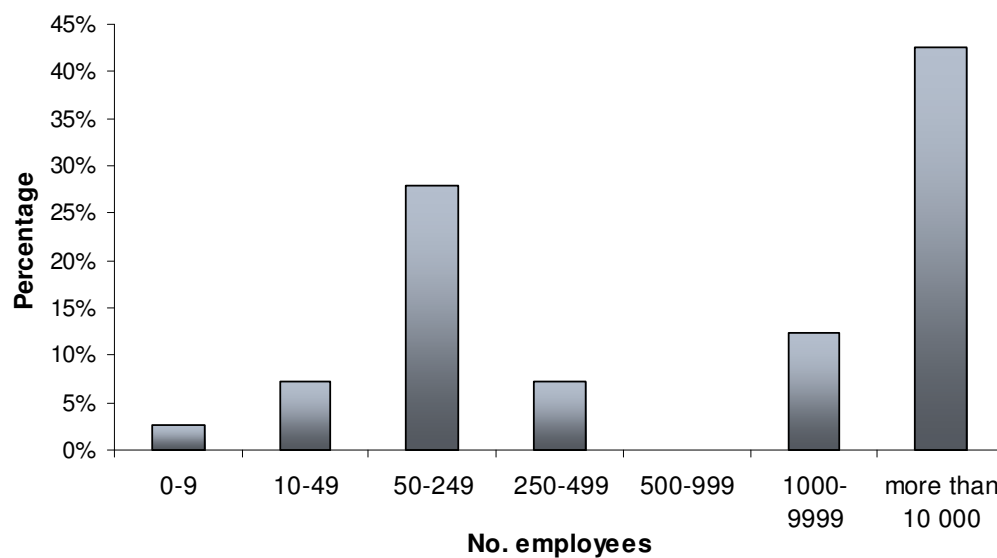


Figure VI.0.11 Size respondent companies Automotives, number of employees (EU, US and 3rd)



## VI.5 Chemicals

Figure VI.0.12 Average NTM indexes for chemicals (trade related barriers)

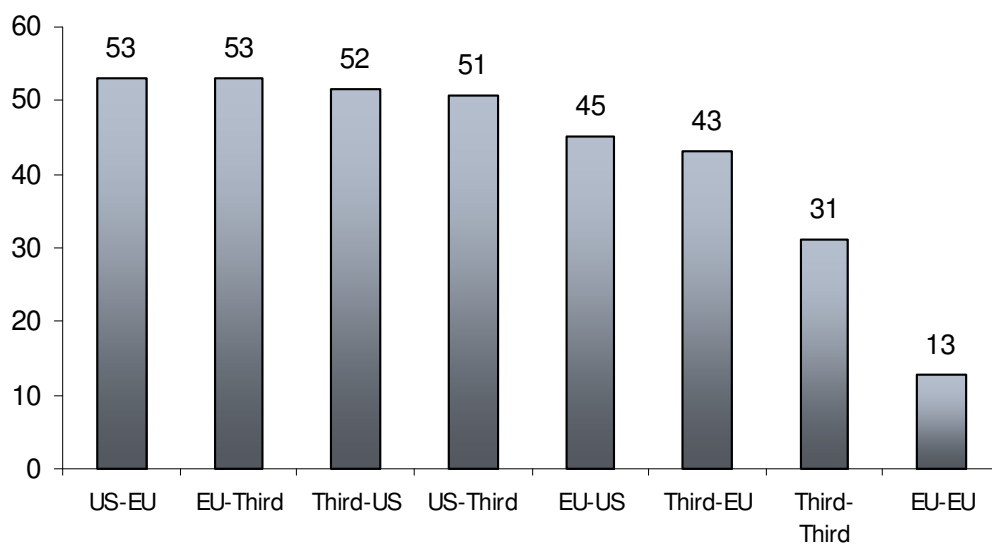


Figure VI.0.13 Average NTM indexes for chemicals (investment related barriers)

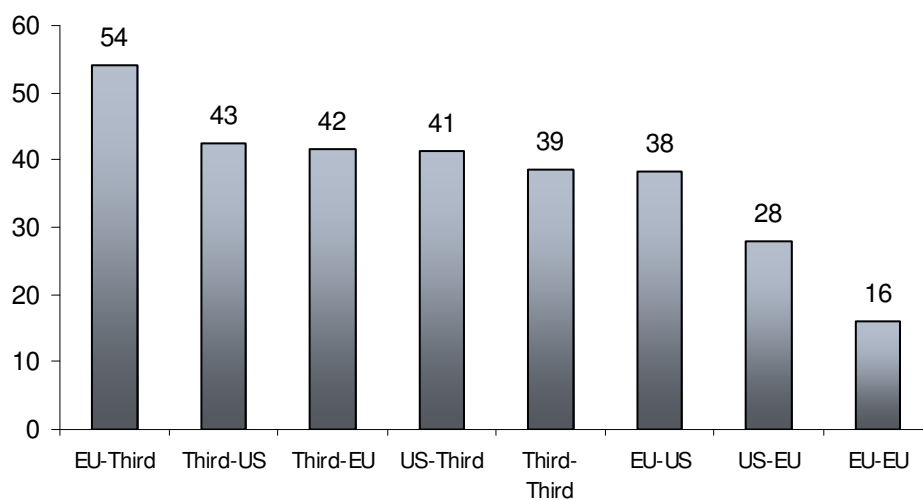


Figure VI.0.14 Distribution respondents Chemicals

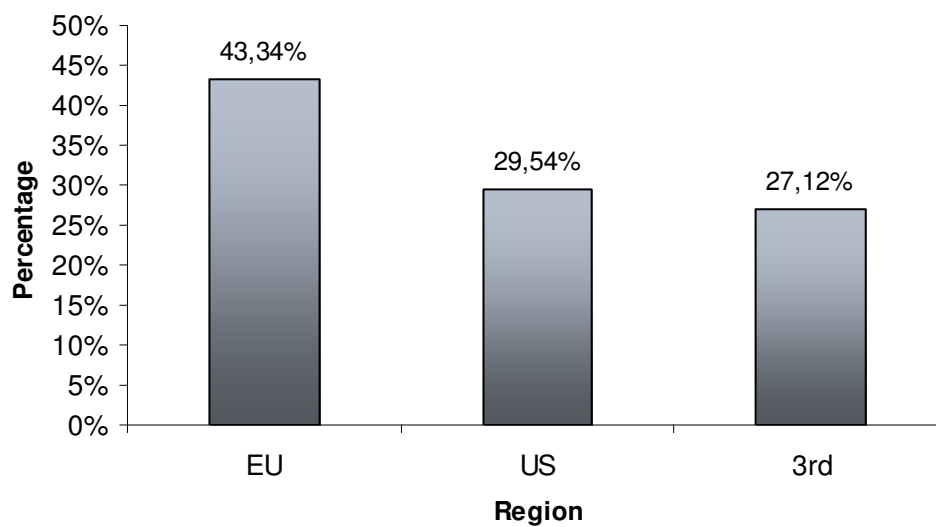


Figure VI.0.15 Turnover share of Chemical companies

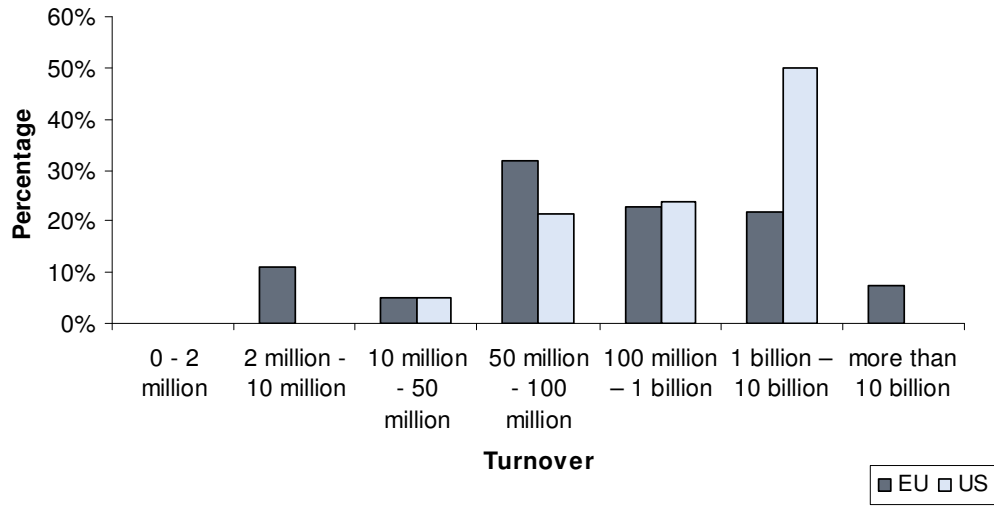
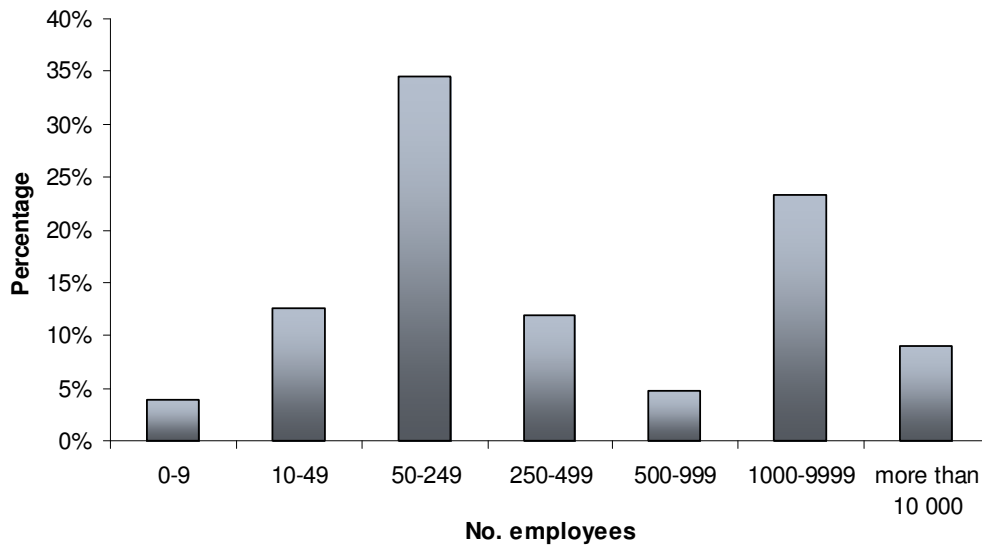


Figure VI.0.16 Size respondent companies Chemicals, number of employees (EU, US and 3rd)



## VI.6 Cosmetics

Figure VI.0.17 Average NTM indexes for Cosmetics (trade-related barriers)

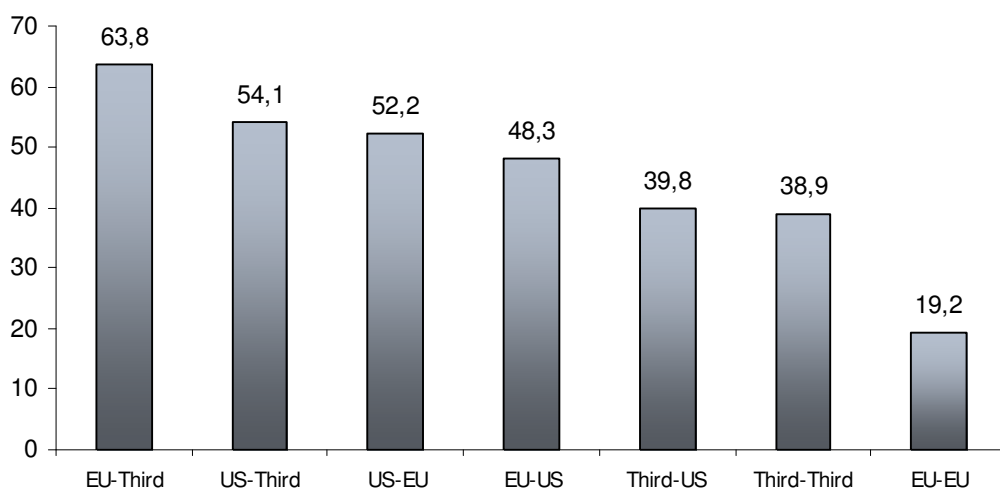


Figure VI.0.18 Average NTM indexes for Cosmetics (investment-related barriers)

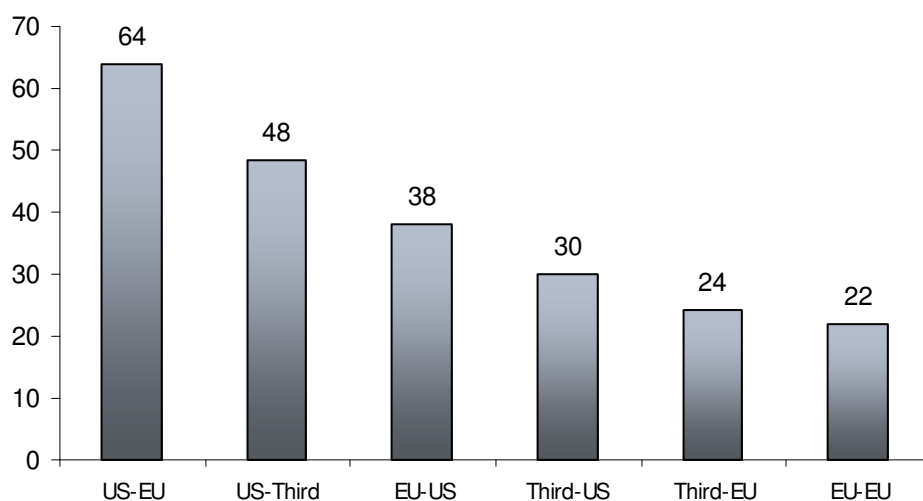


Figure VI.0.19 Distribution of respondents Cosmetics

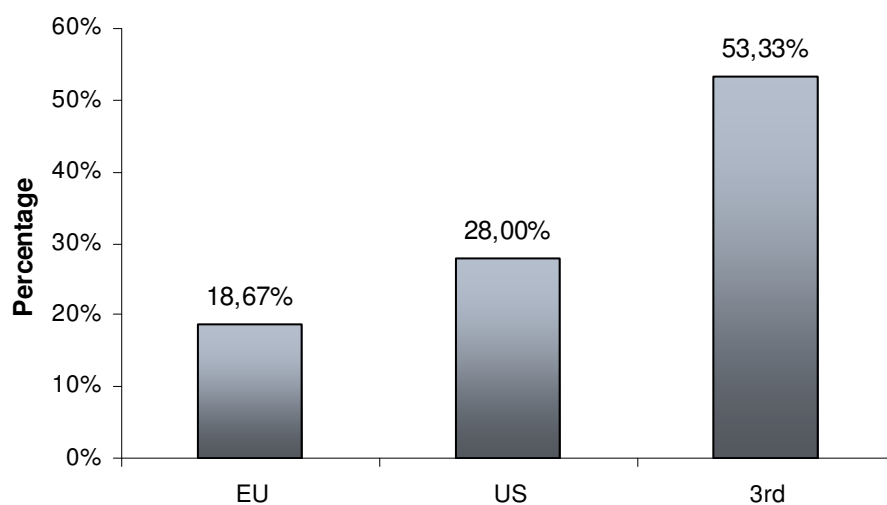


Figure VI.0.20 Turnover share of Cosmetics companies

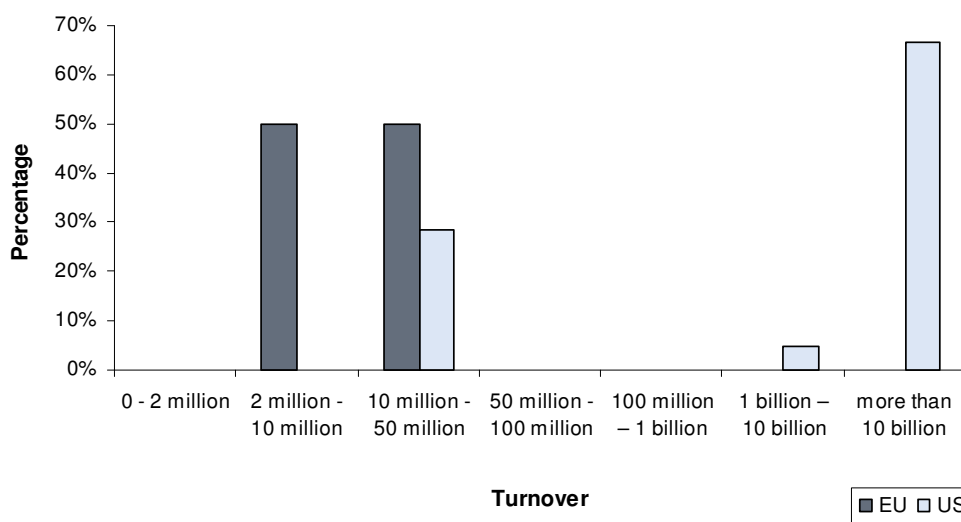
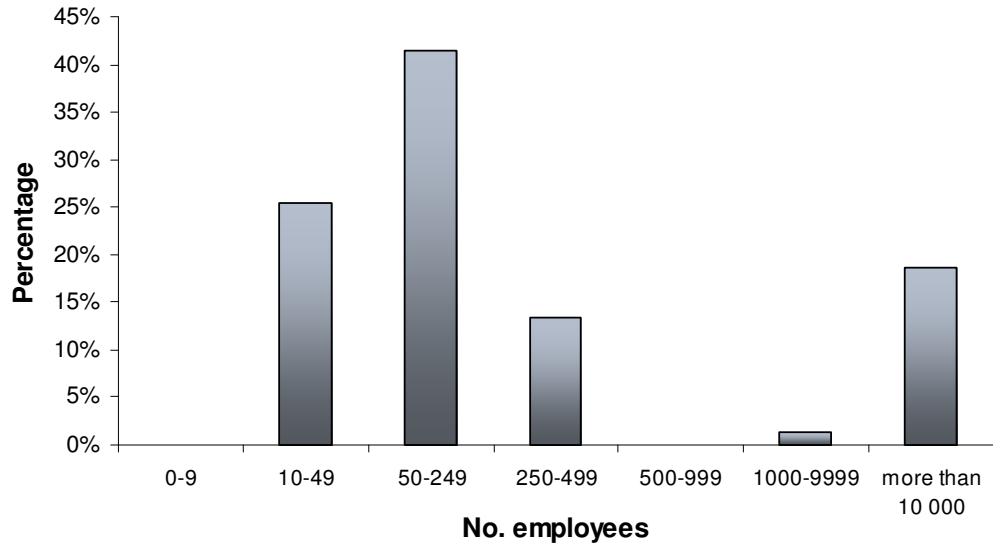


Figure VI.0.21 Size respondent companies Cosmetics, number of employees (EU, US and 3rd)



## VI.7 Electronics

Figure VI.0.22 Average NTM indexes for Electronics (trade-related barriers)

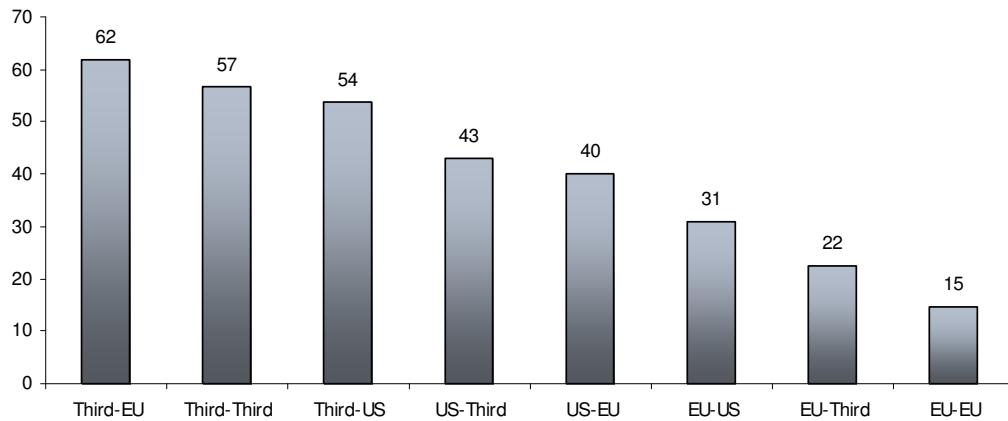




Figure VI.0.23 Average NTM indexes for Electronics (investment-related barriers)

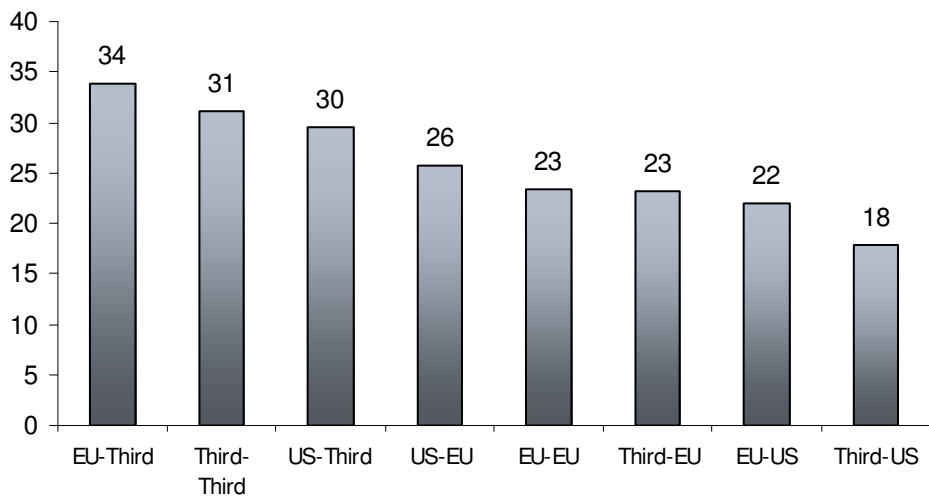


Figure VI.0.24 Distribution respondents of Electronics

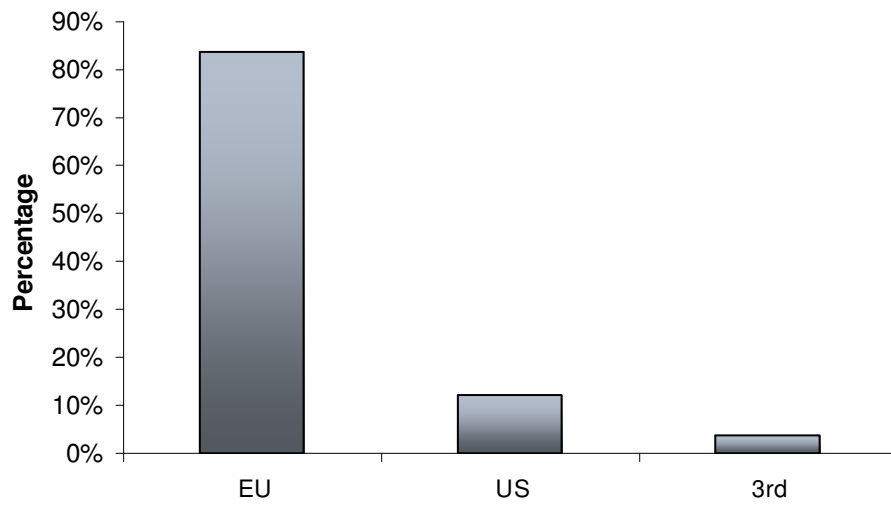


Figure VI.0.25 Turnover share of Electronic companies

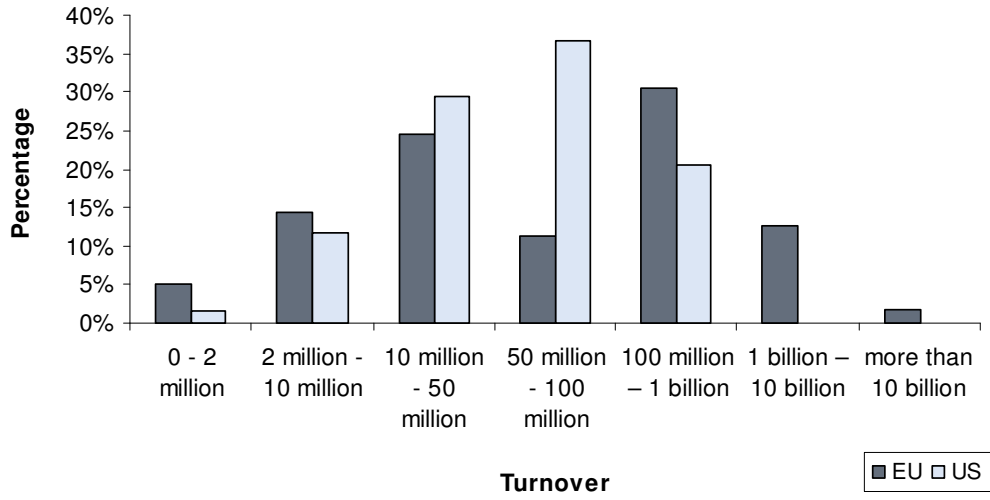
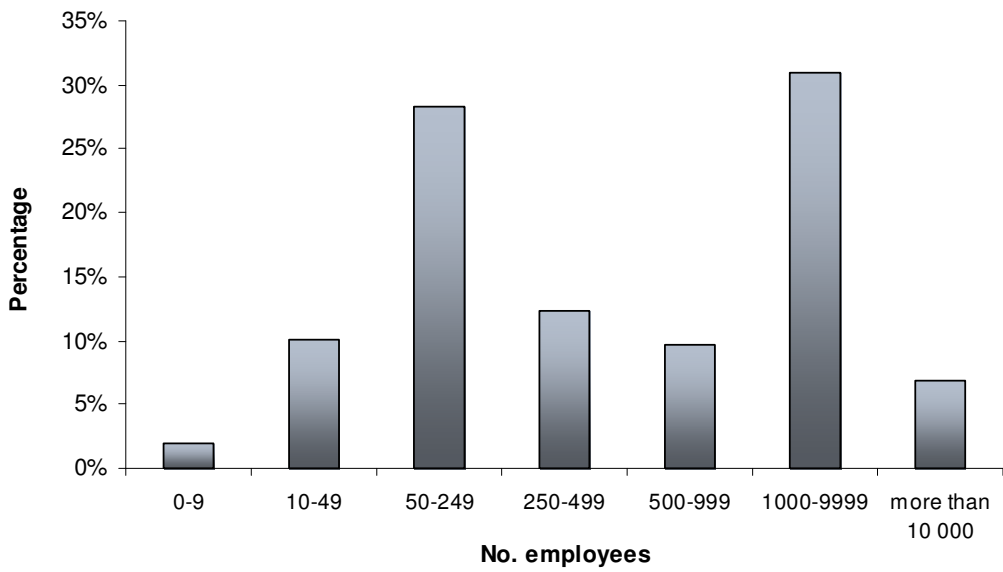


Figure VI.0.26 Size respondent companies Electronics, number of employees (EU, US and 3rd)



## VI.8 Food & Beverages

Figure VI.0.27 Average NTM indexes for Food and Beverages (trade-related barriers)

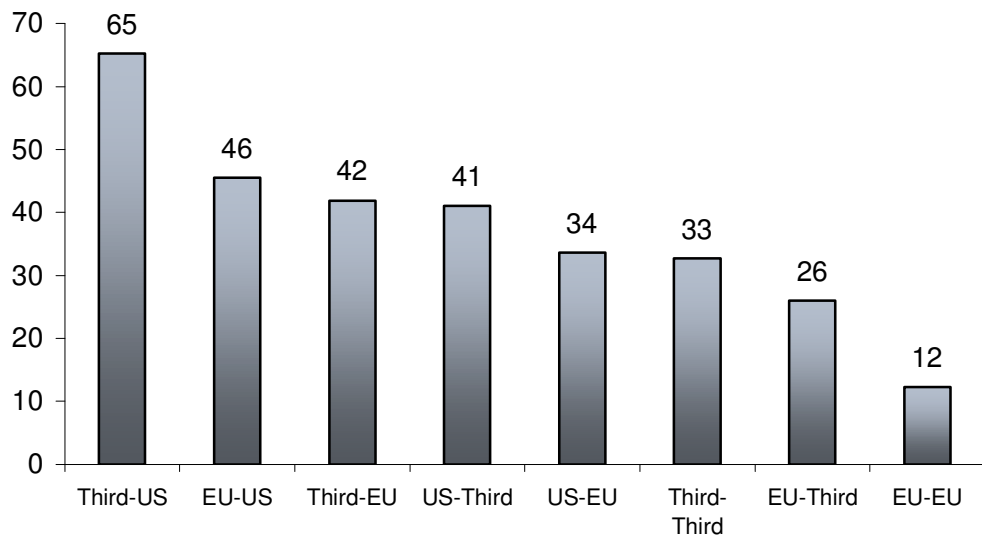


Figure VI.0.28 Average NTM indexes for for Food and Beverages (investment-related barriers)

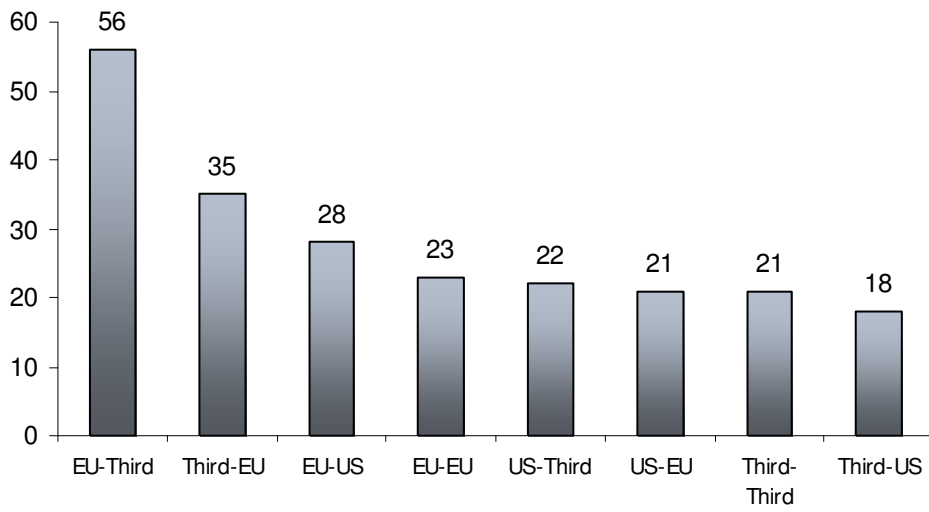


Figure VI.0.29 Distribution respondents Food and Beverages

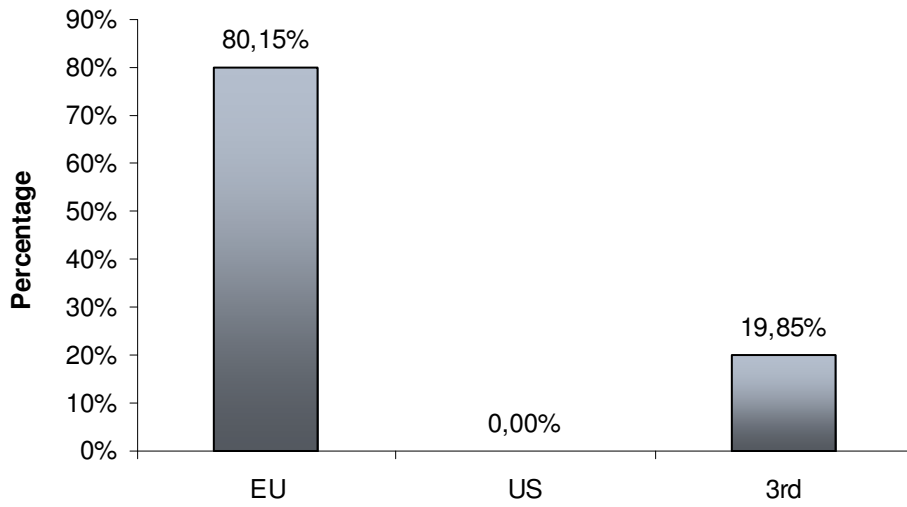


Figure VI.0.30 Turnover share of the Food & Beverages companies

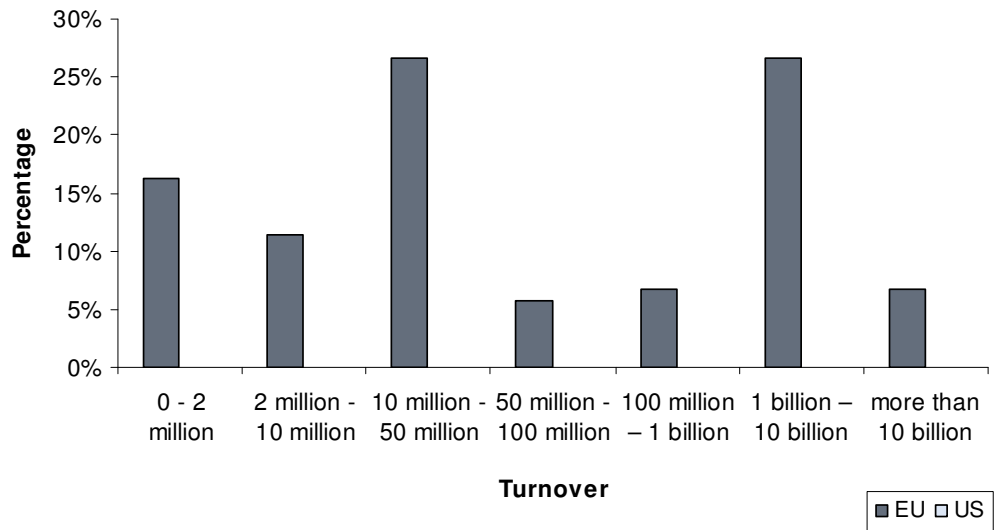
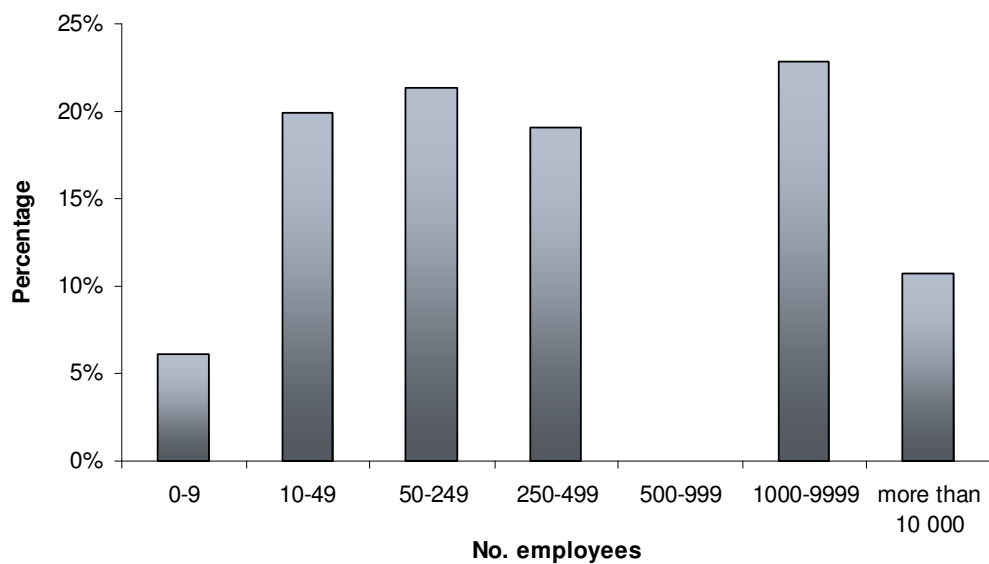


Figure VI.0.31 Size respondent companies Food & beverages, number of employees (EU, US and 3rd)



## VI.9 OICE

Figure VI.0.32 Average NTM indexes for OIC-equipment (trade-related barriers)

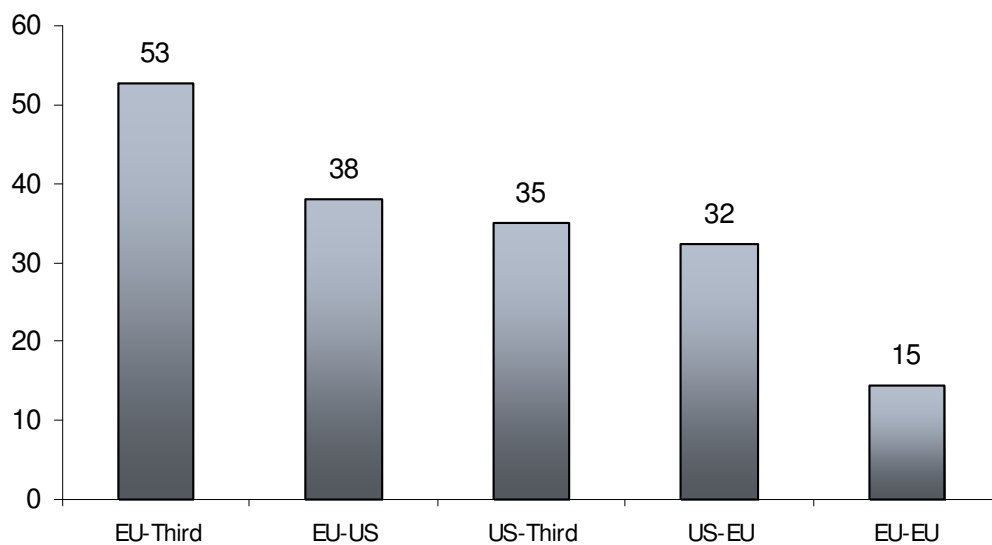


Figure VI.0.33 Average NTM indexes for OIC-equipment (investment-related barriers)

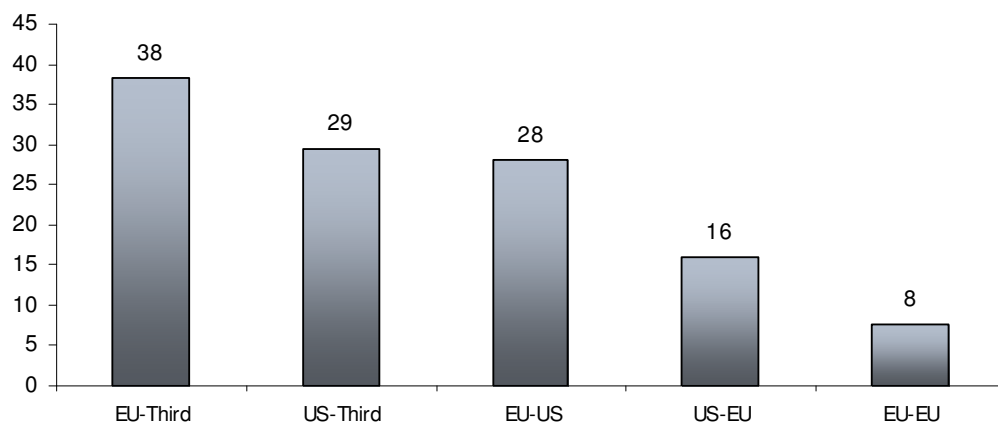


Figure VI.0.34 Distribution respondents OIC-equipment

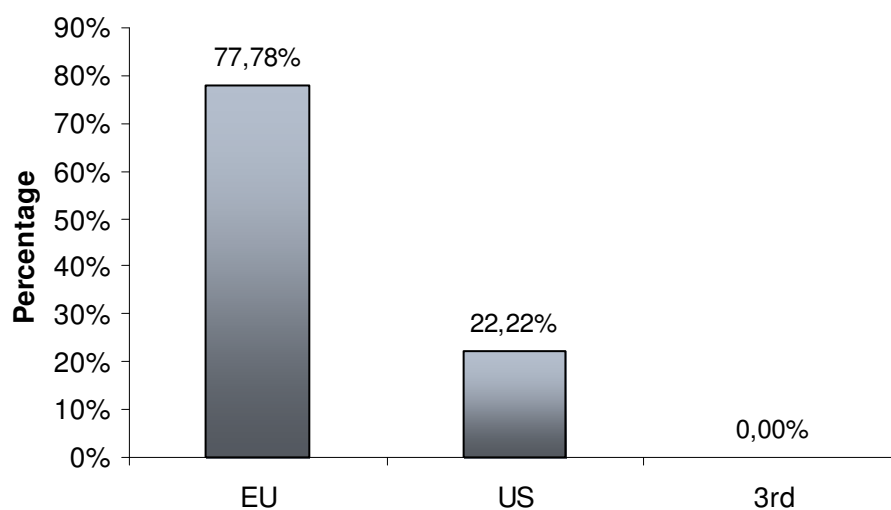


Figure VI.0.35 Turnover share OIC-equipment companies

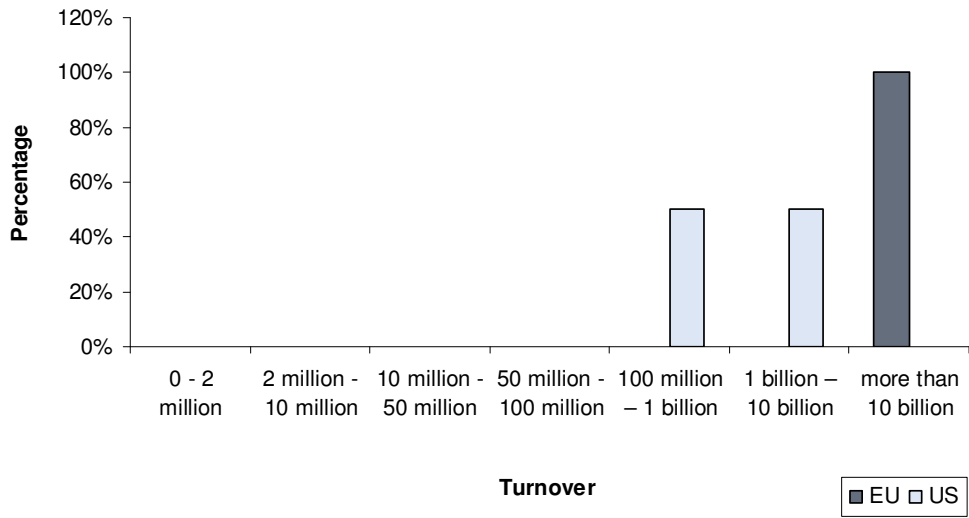
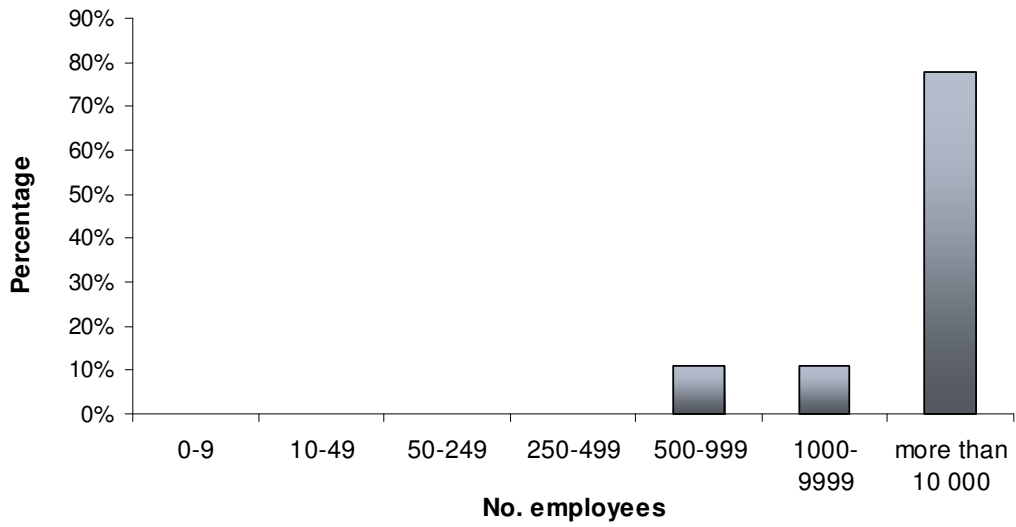


Figure VI.0.36 Size respondent companies Office equipment, number of employees (EU, US and 3rd)



## VI.10 Pharmaceuticals

Figure VI.0.37 Average NTM indexes for Pharmaceuticals (trade-related barriers)

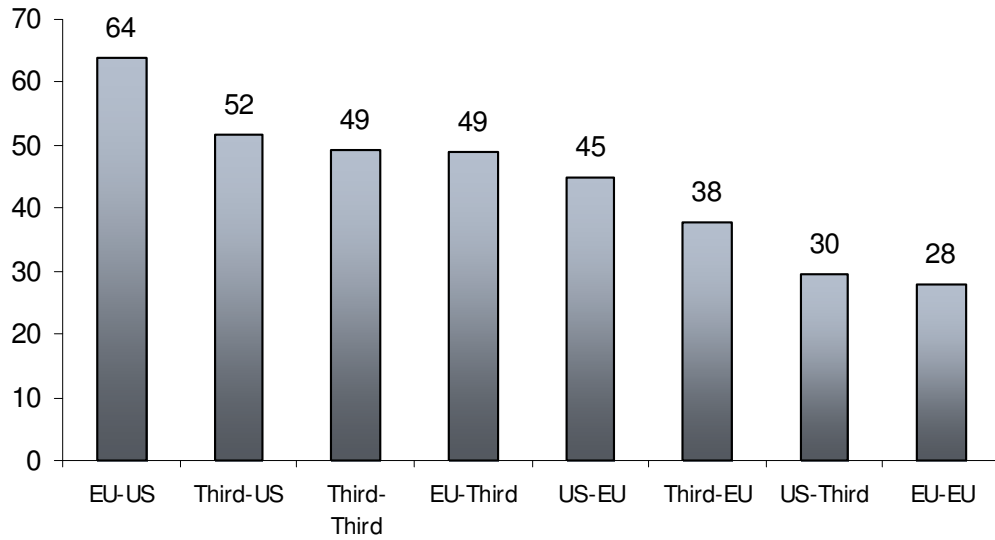


Figure VI.0.38 Average NTM indexes for Pharmaceuticals (investment-related barriers)

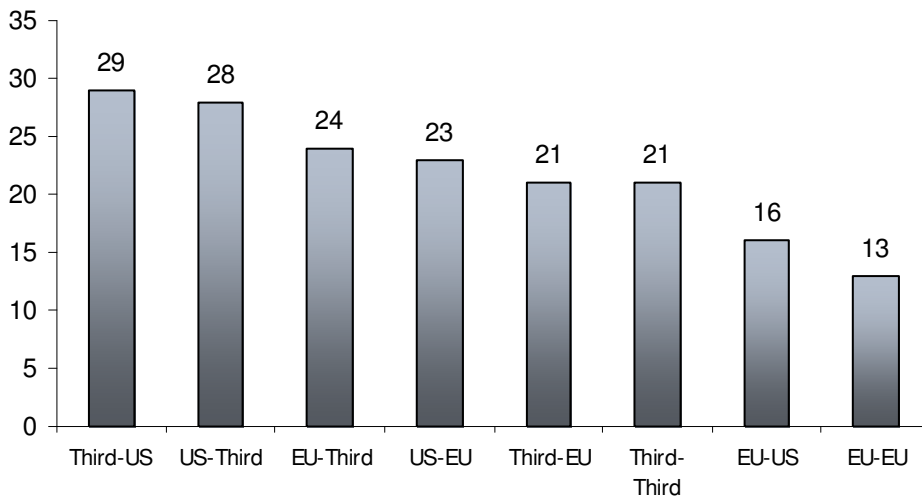




Figure VI.0.39 Distribution respondents Pharmaceuticals

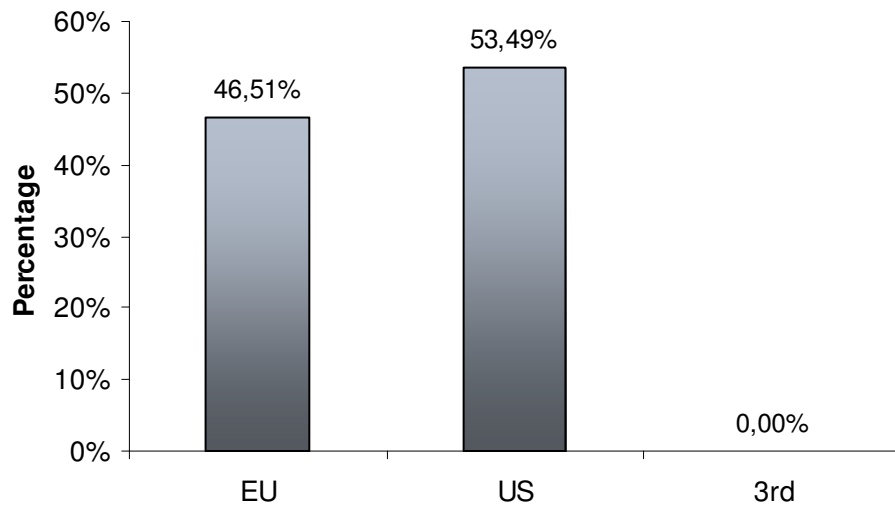


Figure VI.0.40 Turnover share of Pharmaceutical companies

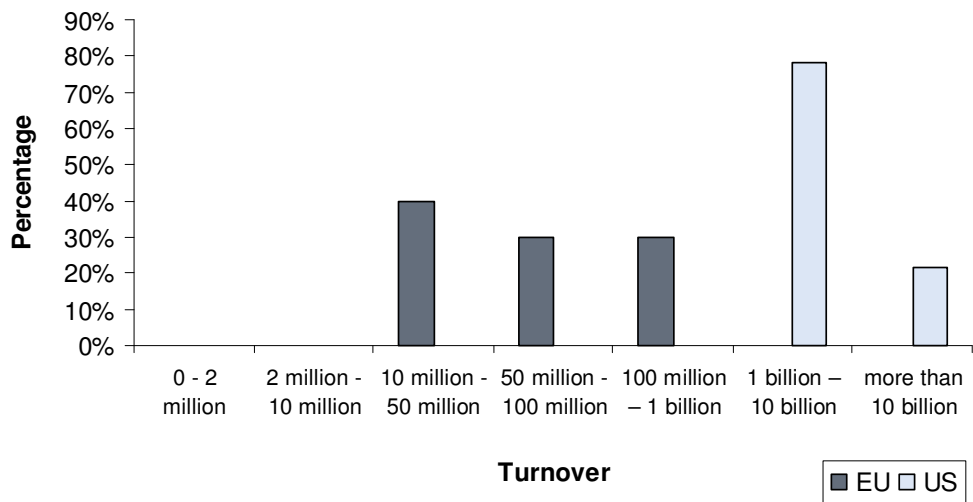
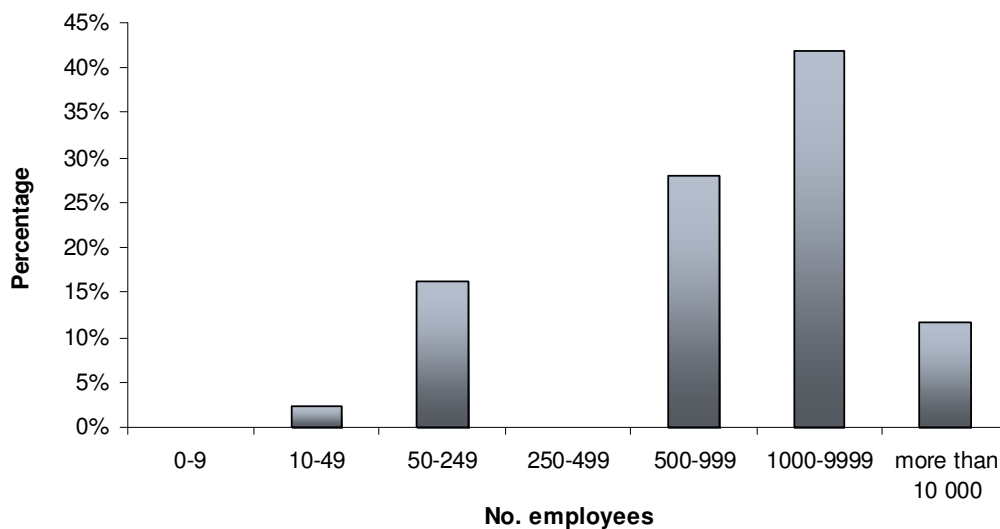


Figure VI.0.41 Size respondent companies Machinery, number of employees (EU, US and 3rd)



## VI.11 Communication services

Figure VI.0.42 Average NTM indexes for Communications services (trade-related barriers)

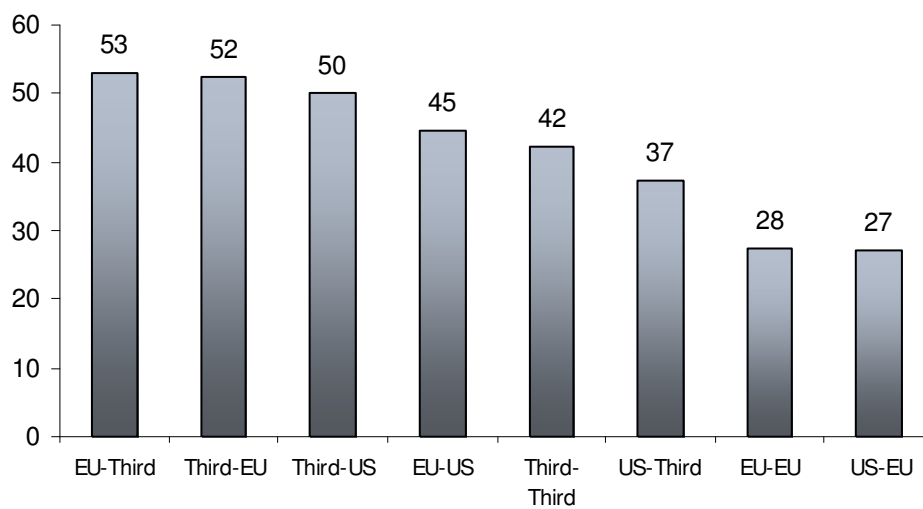


Figure VI.0.43 Average NTM indexes for Communications services (investment-related barriers)

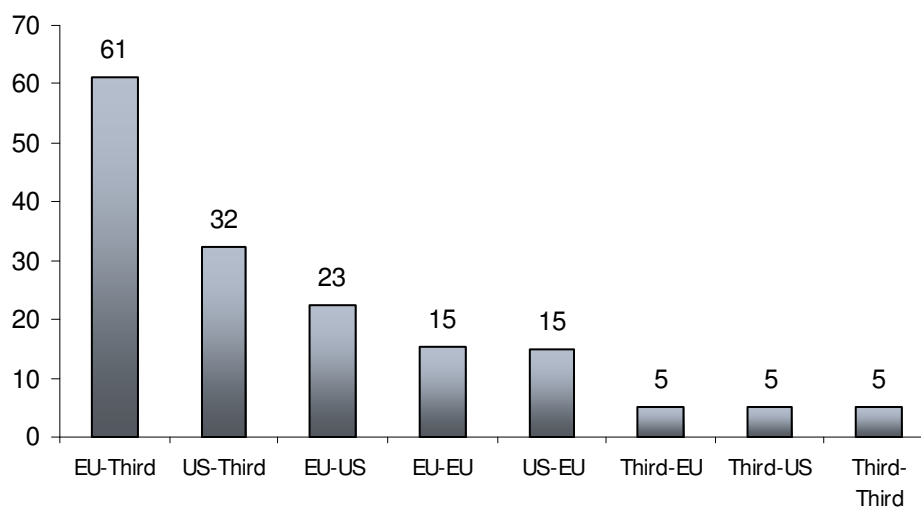


Figure VI.0.44 Distribution respondents Communication services

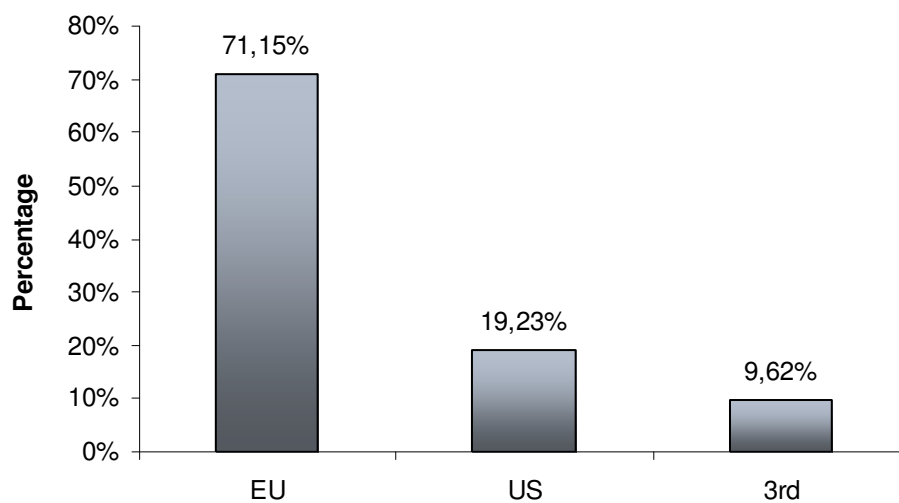


Figure VI.0.45 Turnover share of Communication service companies

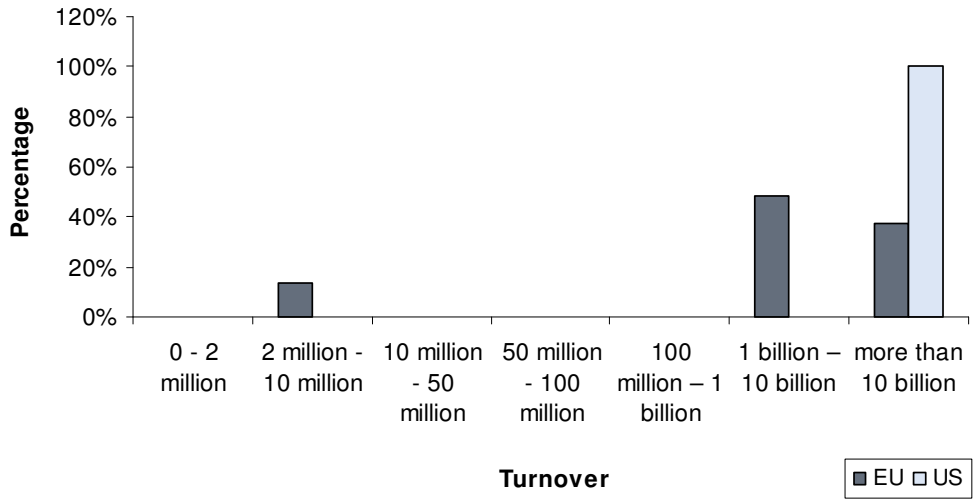
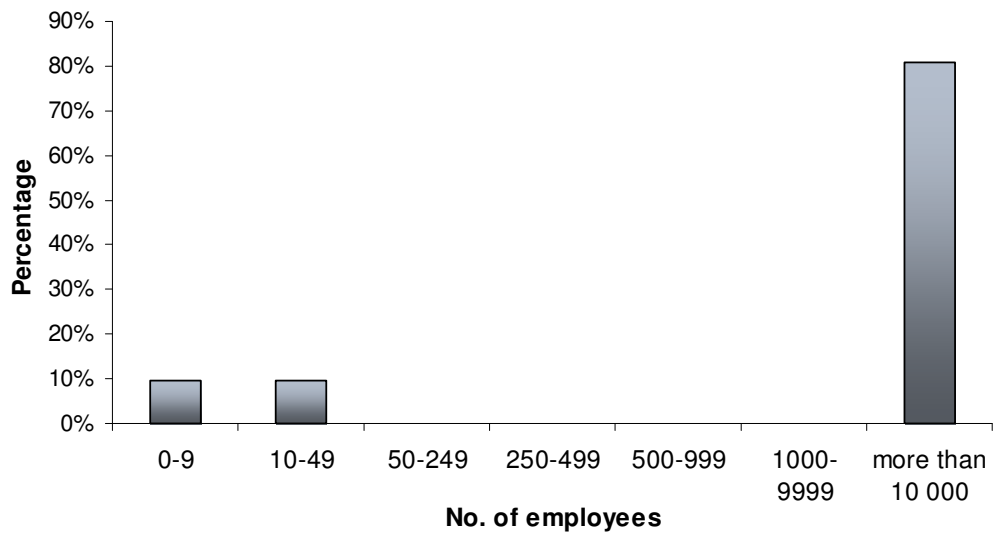


Figure VI.0.46 Size respondent companies Communication services, number of employees (EU, US and 3rd)



## VI.12.1 Financial services

Figure VI.0.47 Average NTM indexes for Financial services (trade-related barriers)

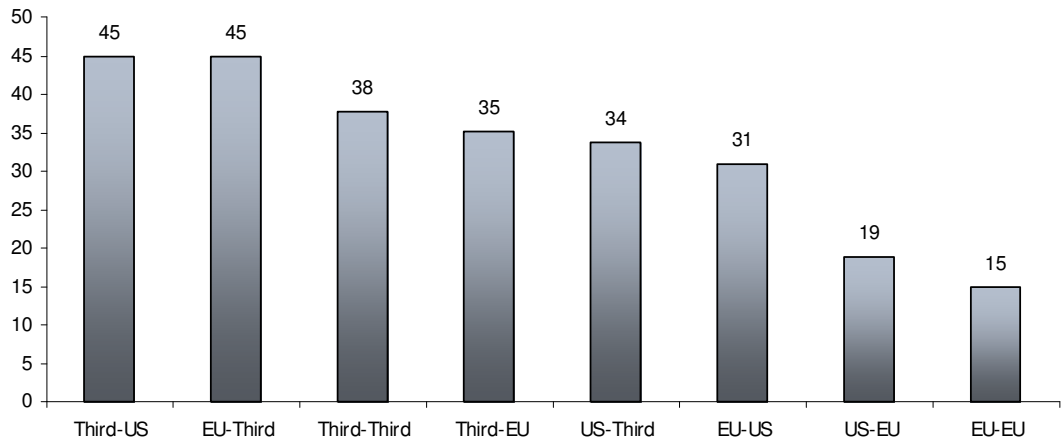


Figure VI.0.48 Average NTM indexes for Financial services (investment-related barriers)

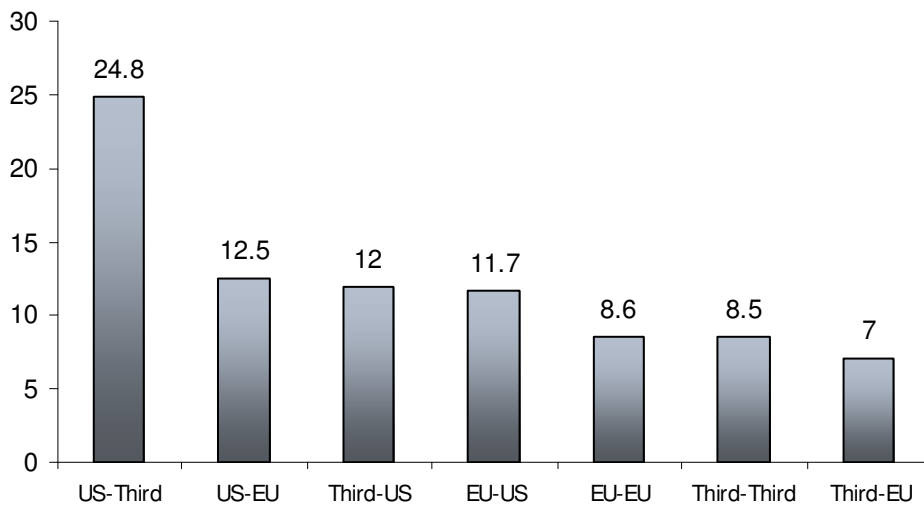


Figure VI.0.49 Distribution respondents Financial services

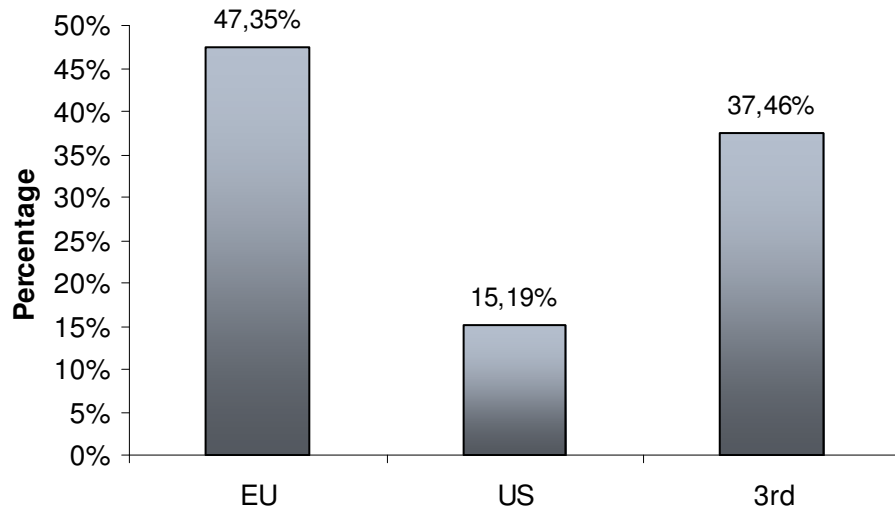


Figure VI.0.50 Turnover share Financial service companies

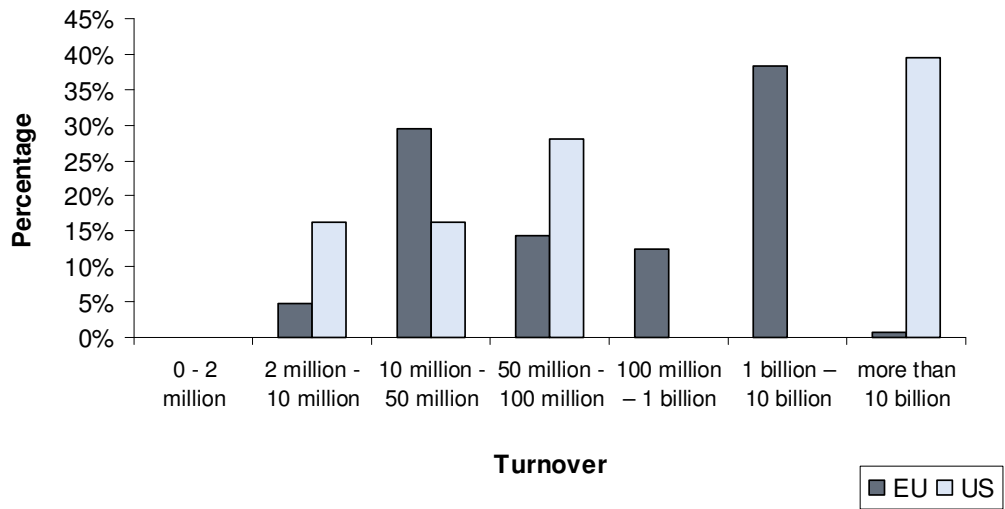
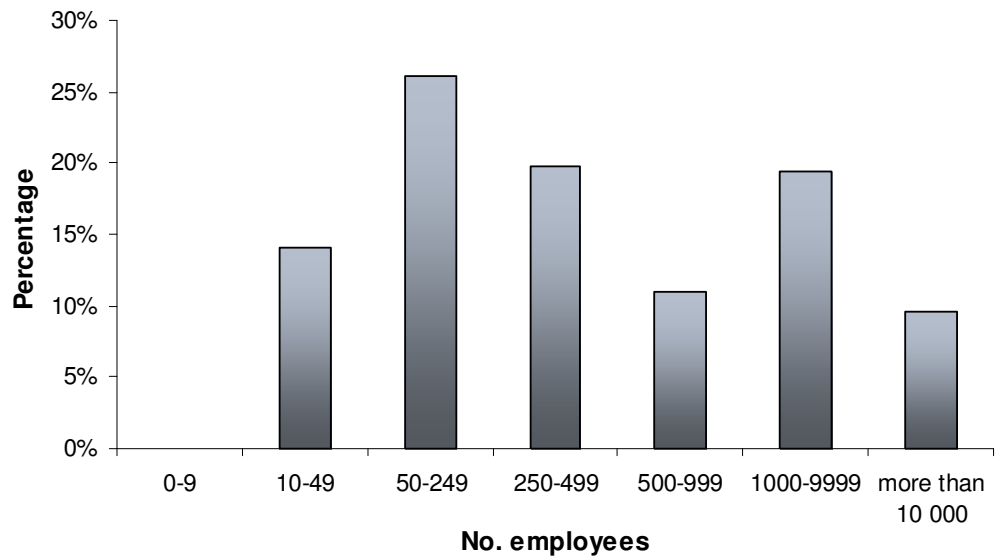


Figure VI.0.51 Size respondent companies Financial services, number of employees (EU, US and 3rd)



## VI.12.2 Insurance services

Figure VI.0.52 Average NTM indexes for Insurance services (trade-related barriers)

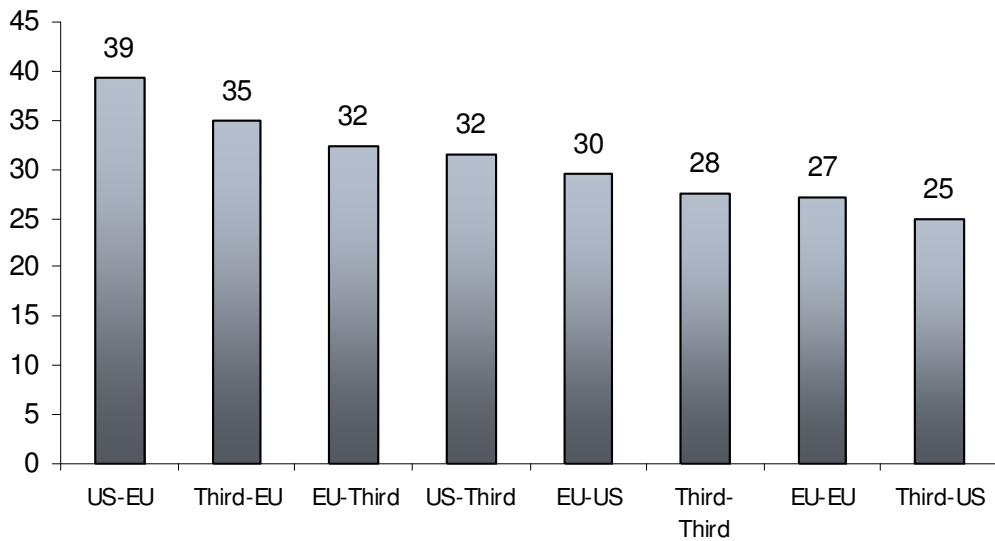


Figure VI.0.53 Average NTM indexes for Insurance services (investment-related barriers)

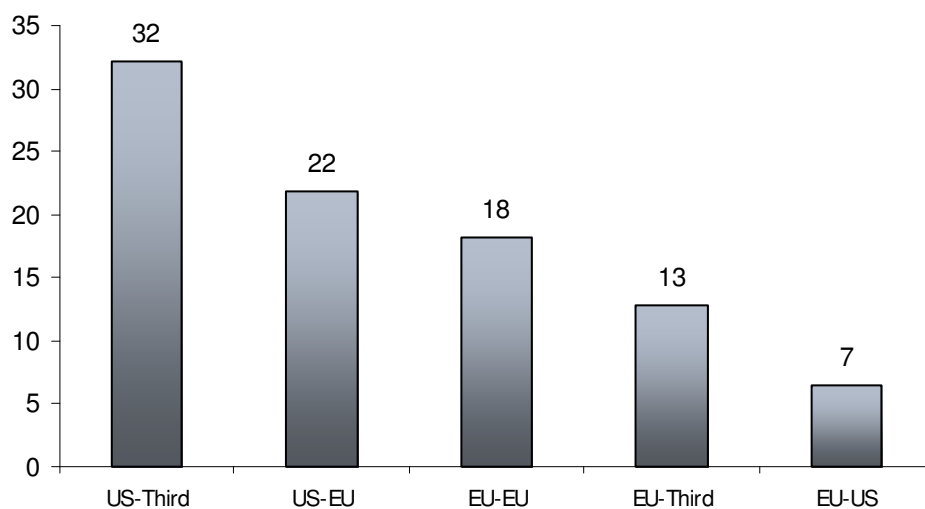


Figure VI.0.54 Distribution respondents Insurance services

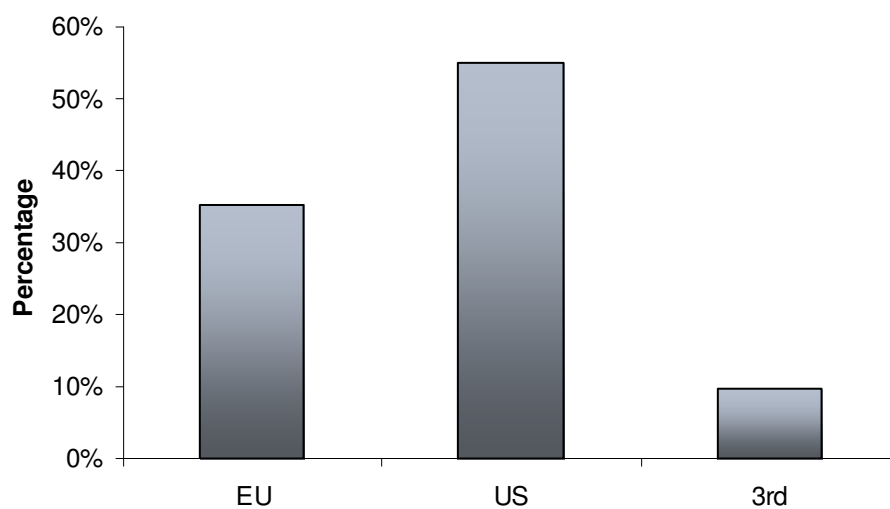




Figure VI.0.55 Turnover share Insurance service companies

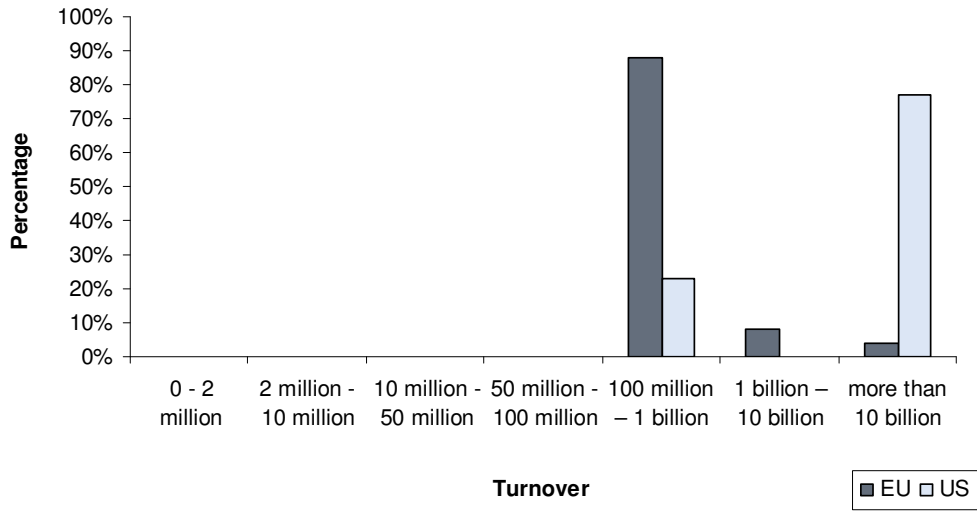
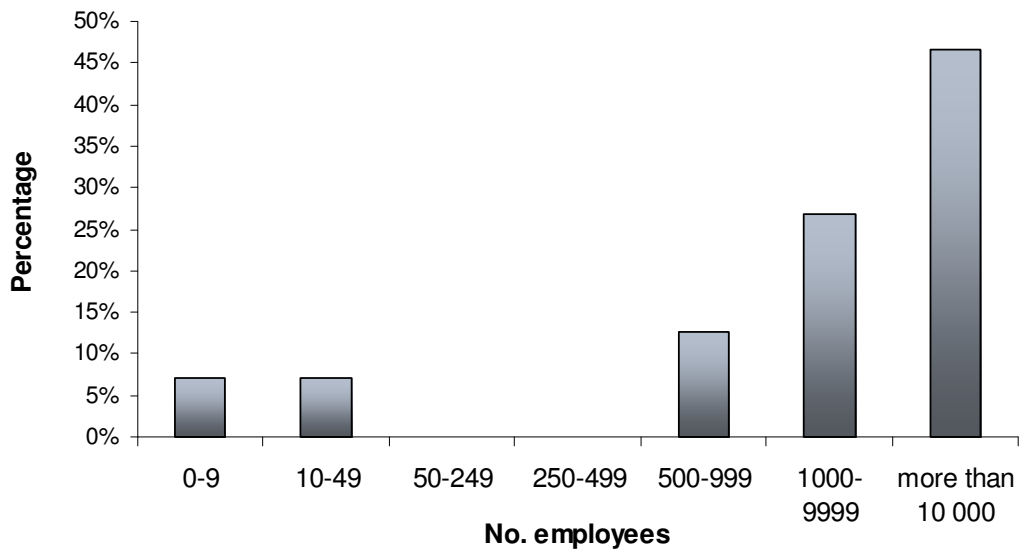


Figure VI.0.56 Size respondent companies Insurance services, number of employees (EU, US and 3rd)



## VI.13 Transportation services

Figure VI.0.57 Average NTM indexes for transport services (trade related barriers)

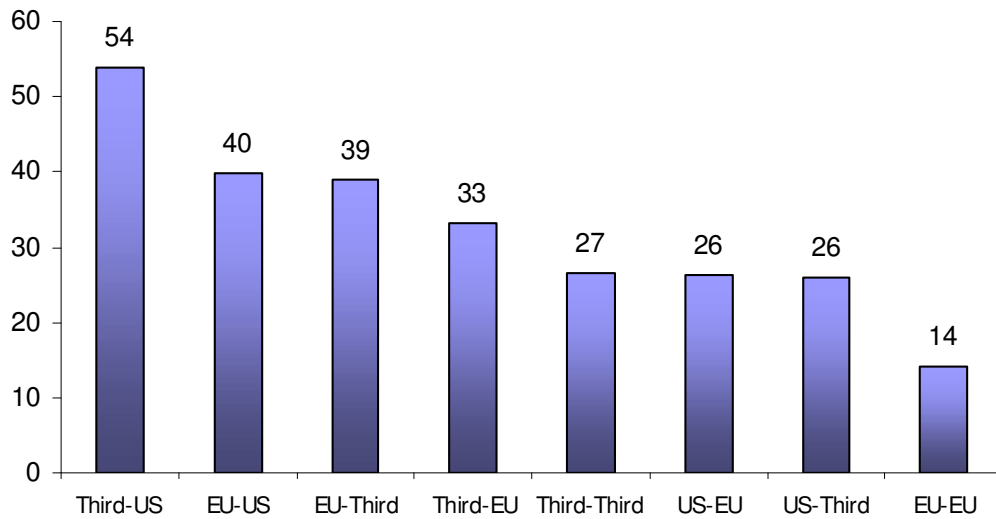


Figure VI.0.58 Average NTM indexes for transport services (investment related barriers)

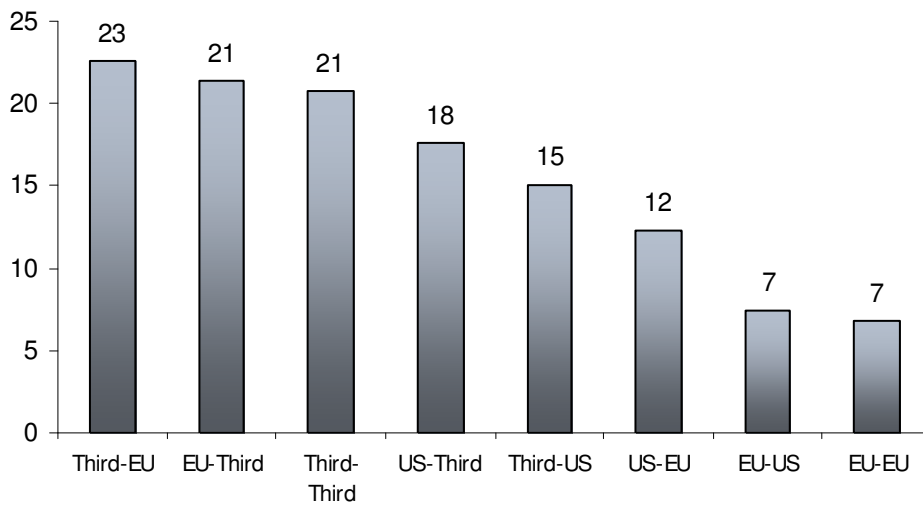


Figure VI.0.59 Distribution of Transportation services respondents

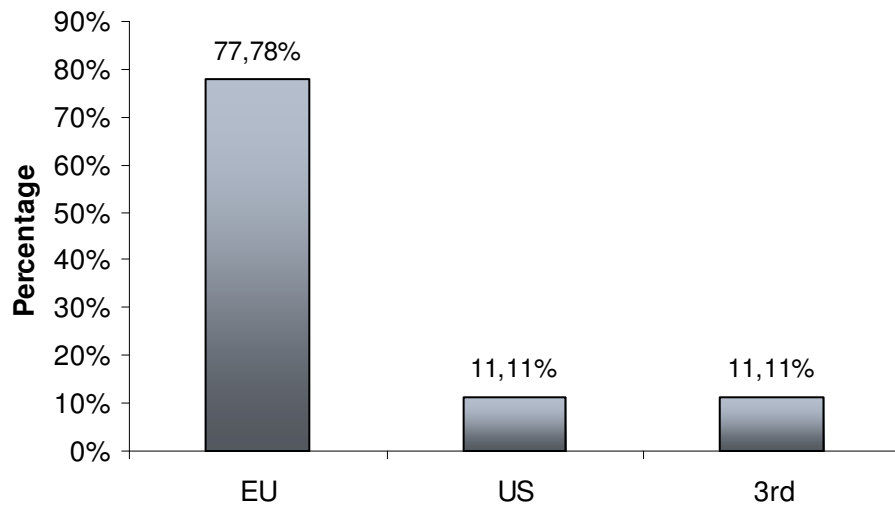


Figure VI.0.60 Turnover share of Transportation service companies

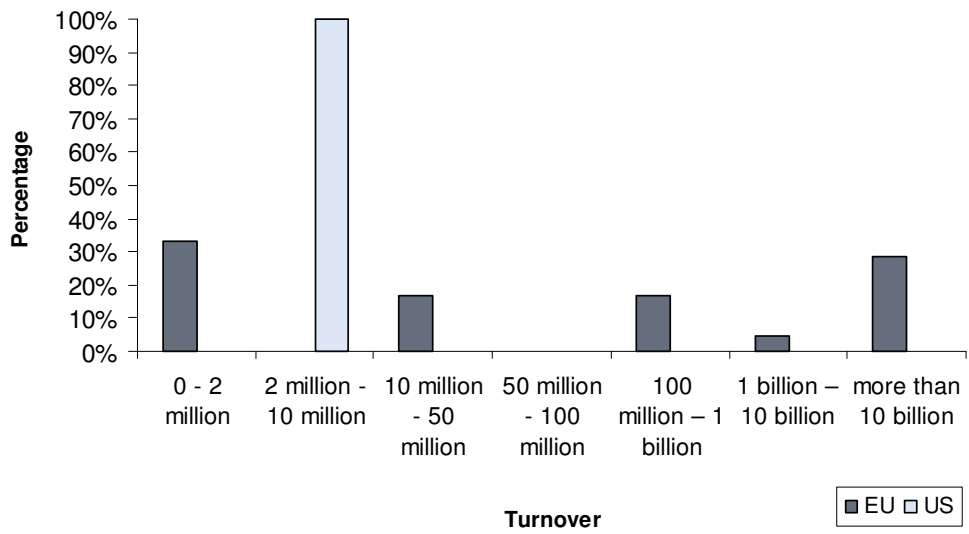
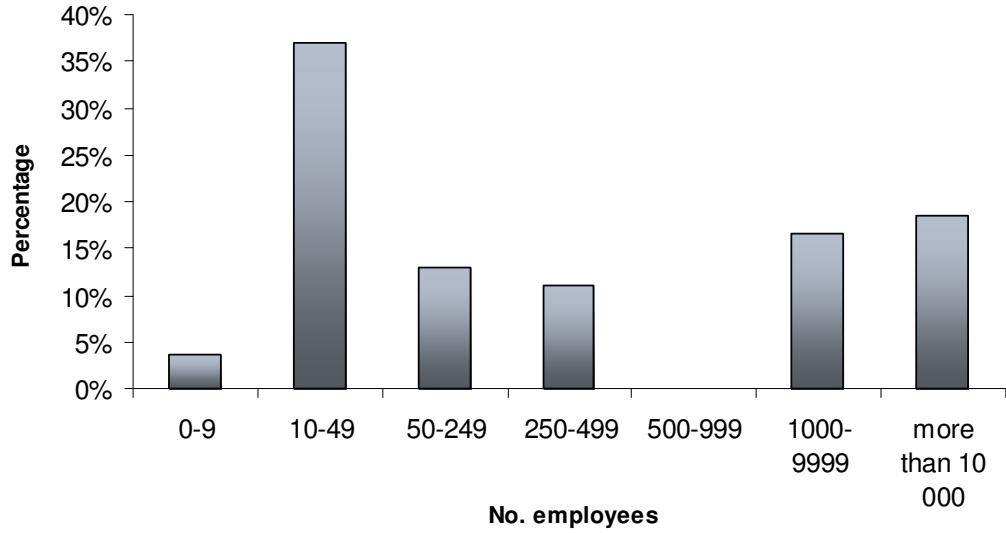


Figure VI.0.61 Size respondent companies Transportation services, number of employees (EU, US and 3rd)



## VI.14 Biotechnology

Figure VI.0.62 Average NTM indexes for Biotechnology (trade related barriers)

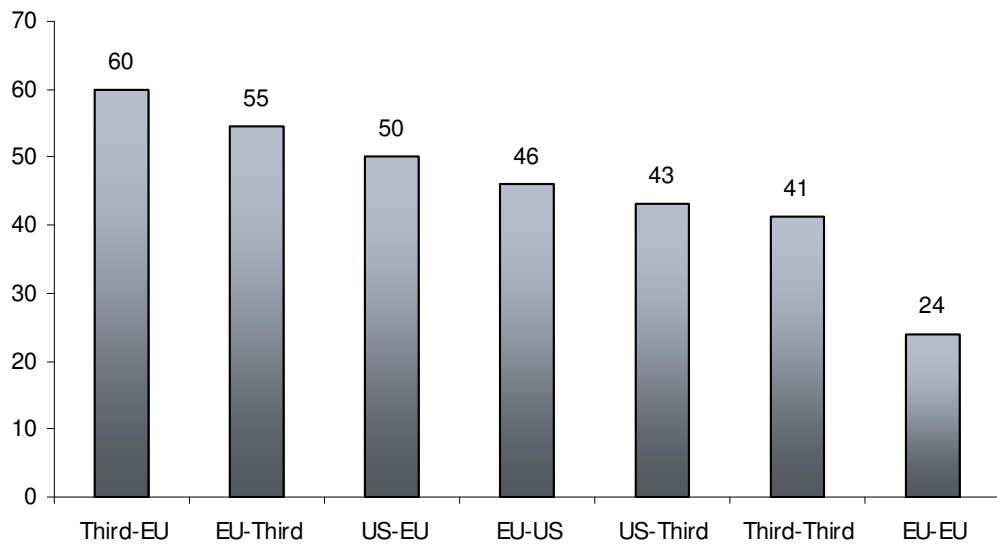


Figure XI.0.63 Average NTM indexes for Biotechnology (investment related barriers)

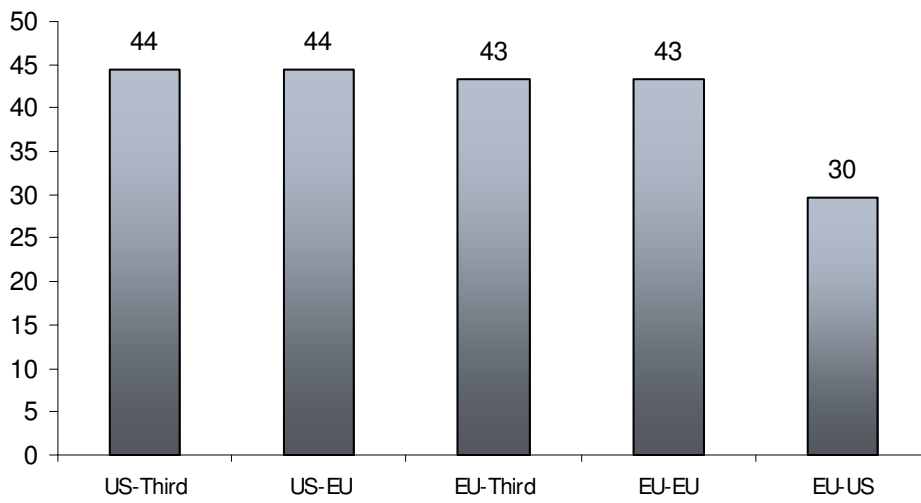


Figure XI.0.64 Distribution of Biotechnology respondents

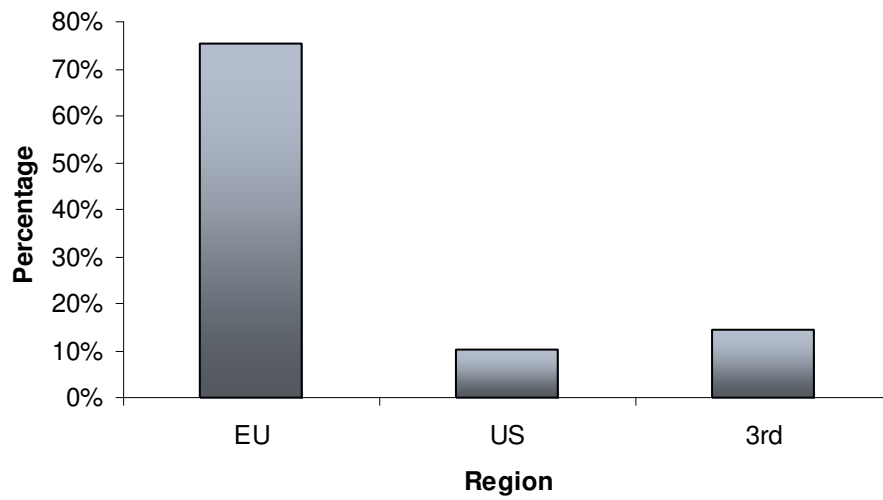


Figure VI.0.65 Turnover share of Biotechnology companies

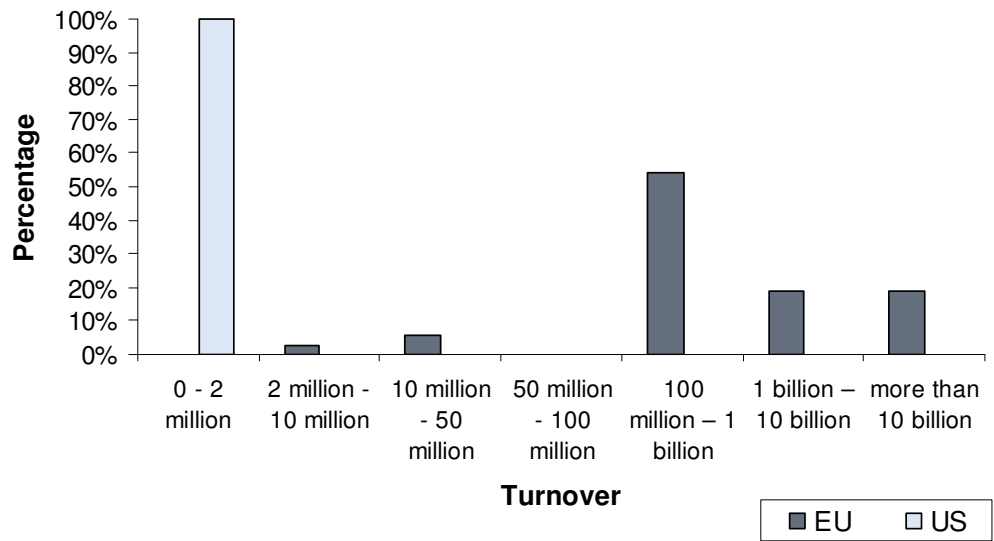
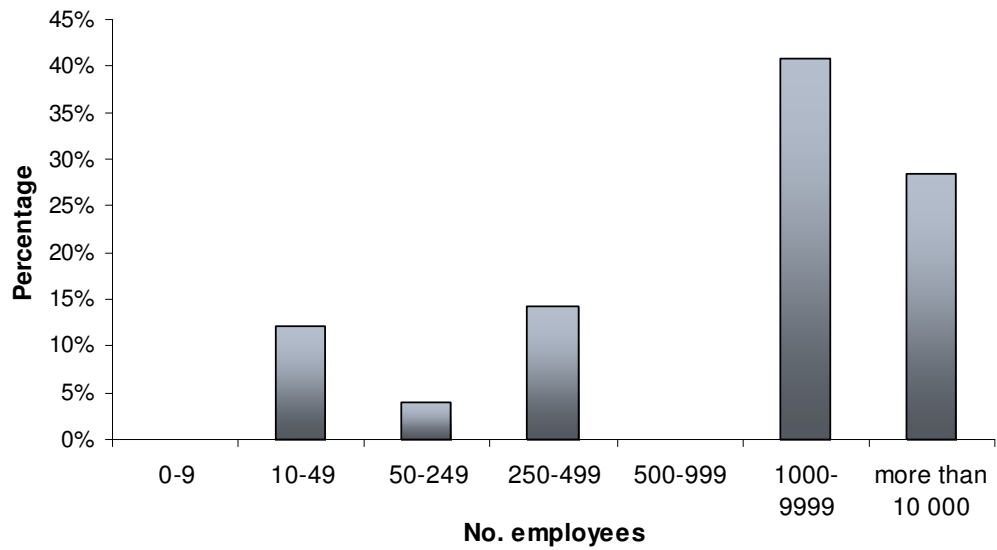


Figure XI.0.66 Size respondent companies Biotechnology, number of employees (EU, US and 3rd)



## VI.15 Machinery

Figure VI.0.67 Average NTM indexes for Machinery (trade-related barriers)

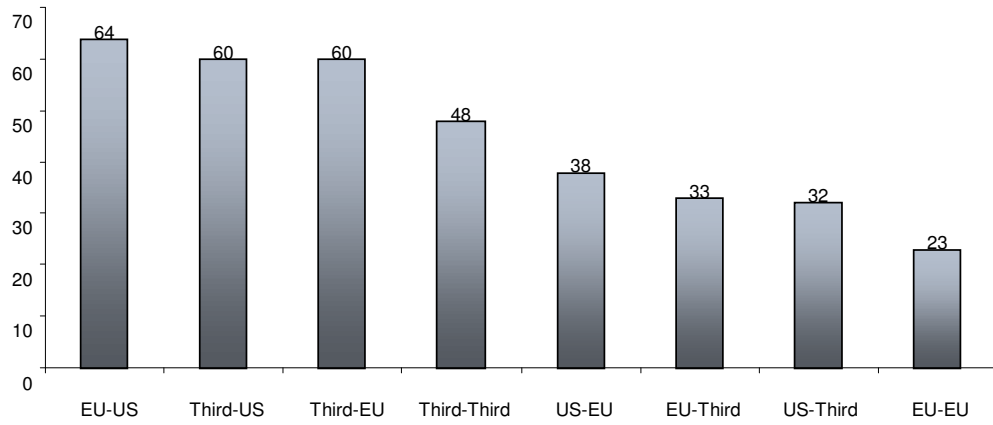


Figure VI.0.68 Average NTM indexes for Machinery (investment related barriers)

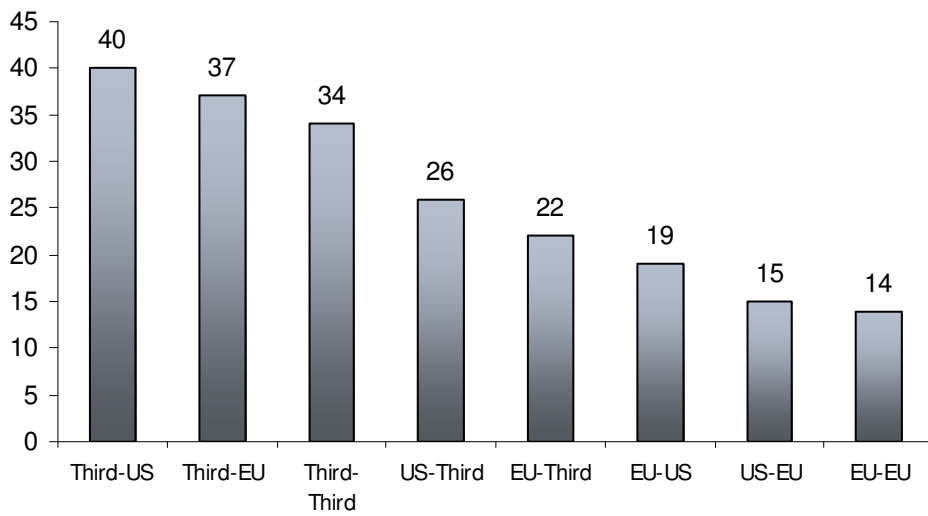


Figure VI.0.69 Distribution of Machinery respondents

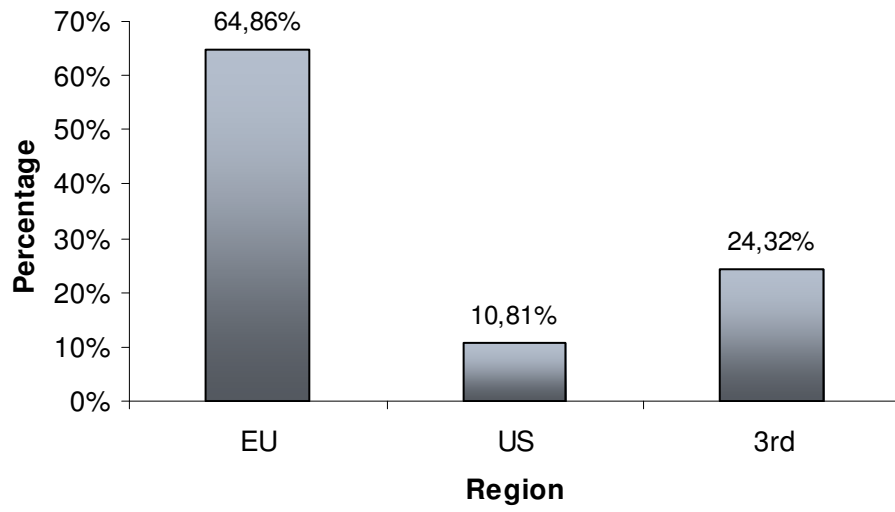


Figure VI.0.70 Turnover share of Machinery companies

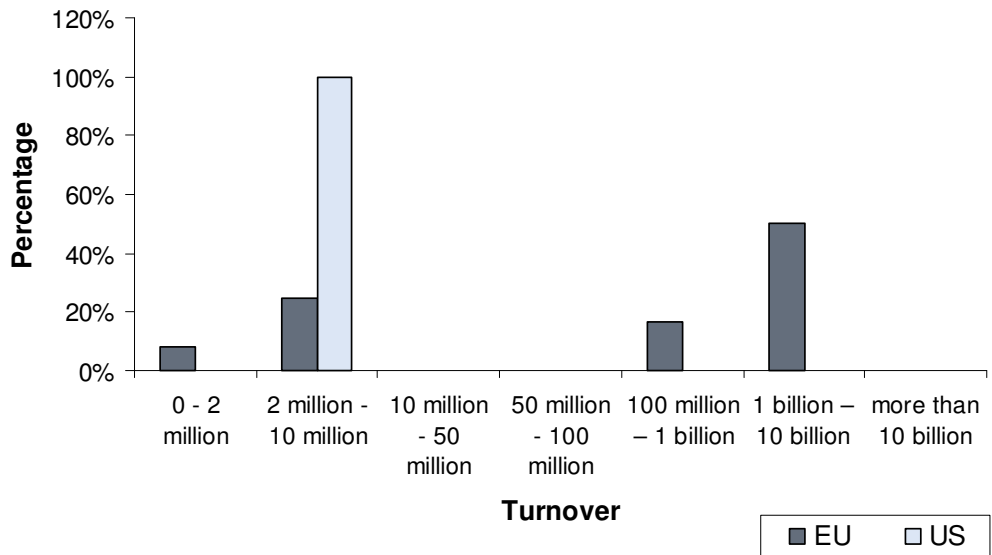
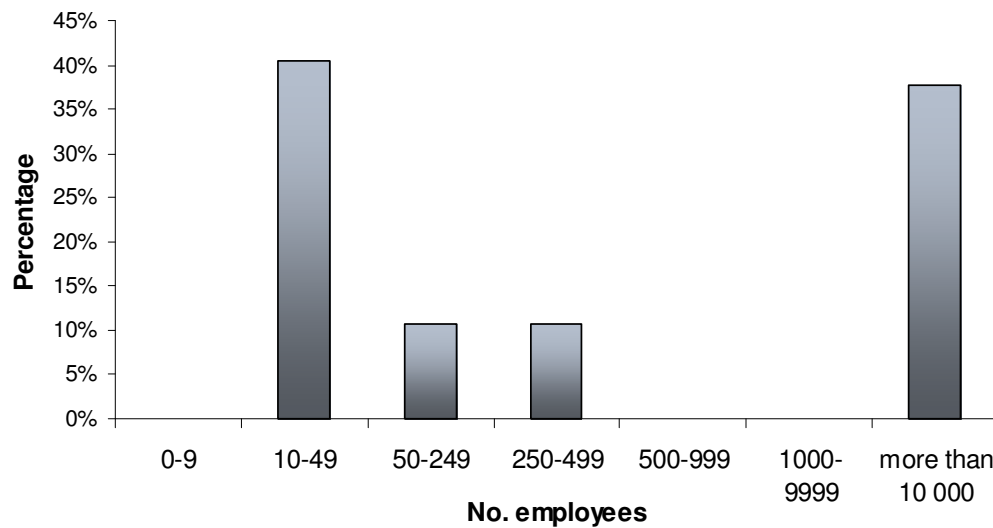




Figure VI.0.71 Size respondent companies Machinery, number of employees (EU, US and 3rd)



## VI.16 Medical, Measuring and Testing Appliances

Figure XI.0.72 Average NTM indexes for Medical, measuring and testing appliances (trade-related barriers)

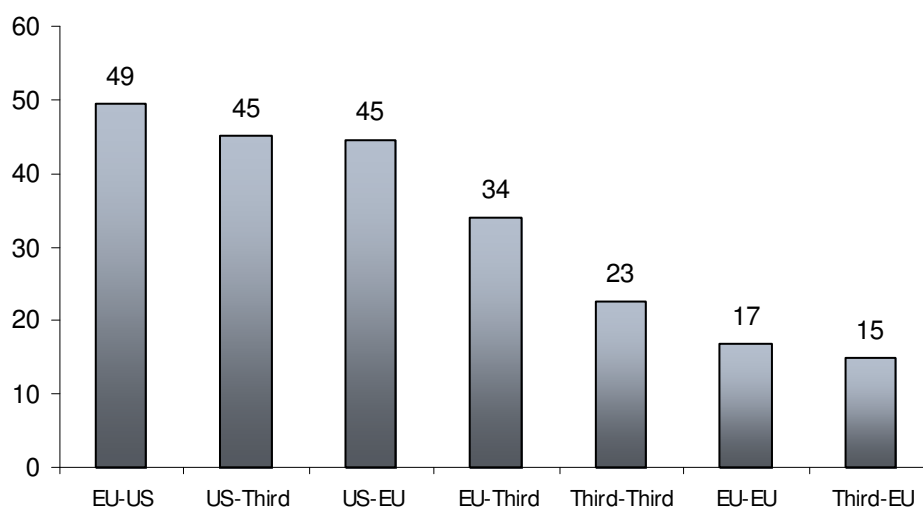


Figure XI.0.73 Average NTM indexes for Medical, measuring and testing appliances (trade-related barriers)

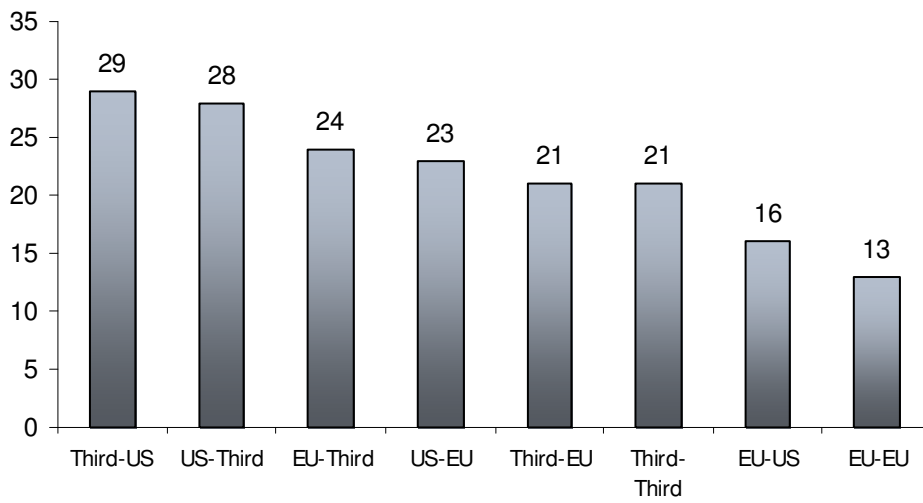


Figure XI.0.74 Distribution of Medical, measuring and testing appliances respondents

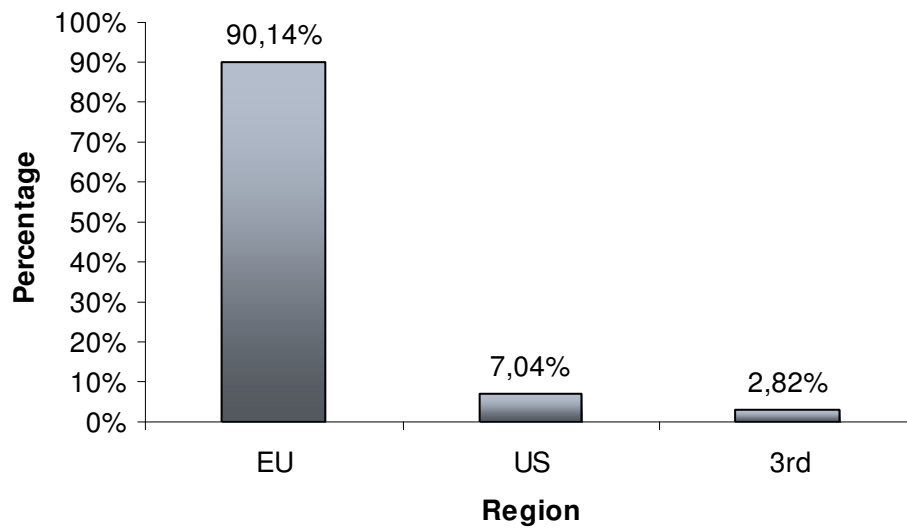


Figure XI.0.75 Turnover share of Medical, measuring and testing appliances companies

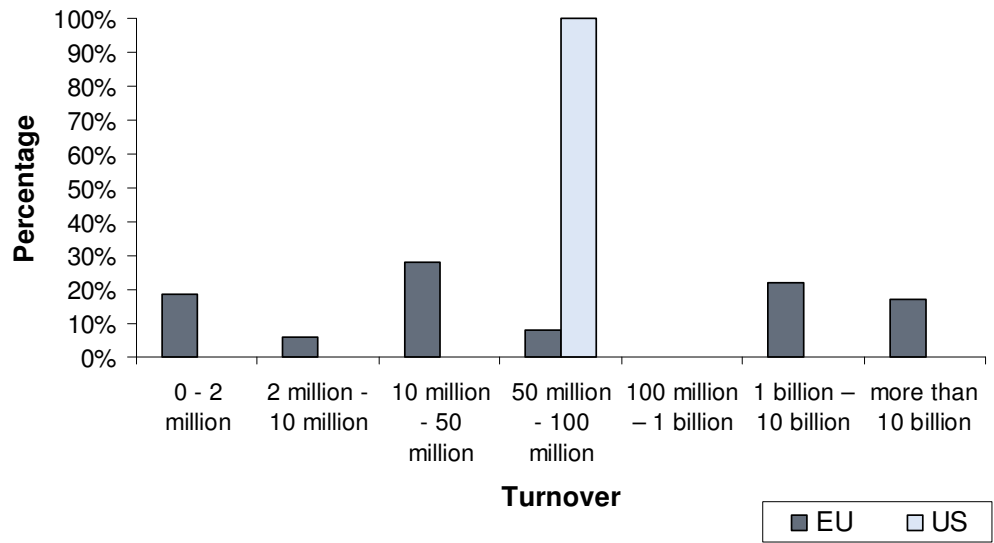
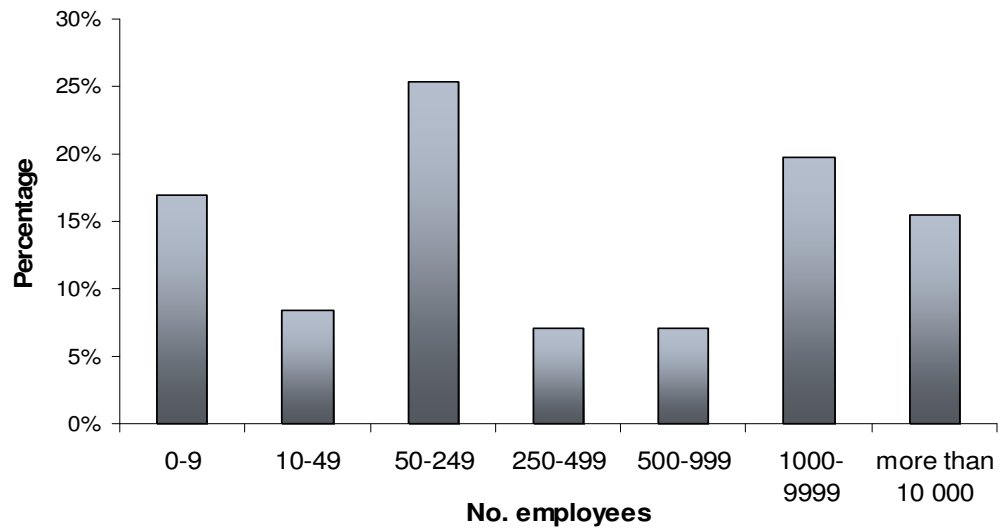


Figure XI.0.76 Size respondent companies Medical, measuring and testing appliances, number of employees (EU, US and 3rd)



## XI.17 Iron, Steel & Metal Products

Figure XI.0.77 Average NTM indexes for Iron, steel & metal products (trade-related barriers)

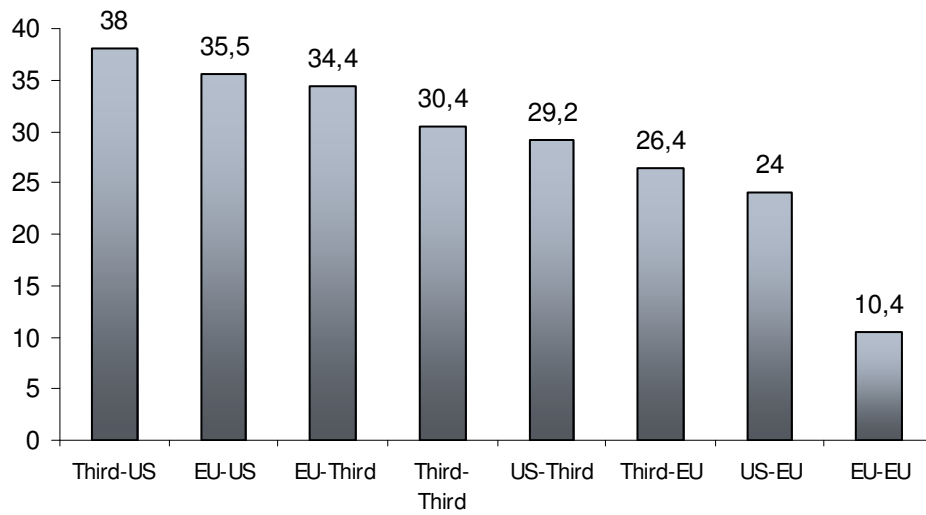


Figure XI.0.78 Average NTM indexes for Iron, steel & metal products (investment-related barriers)

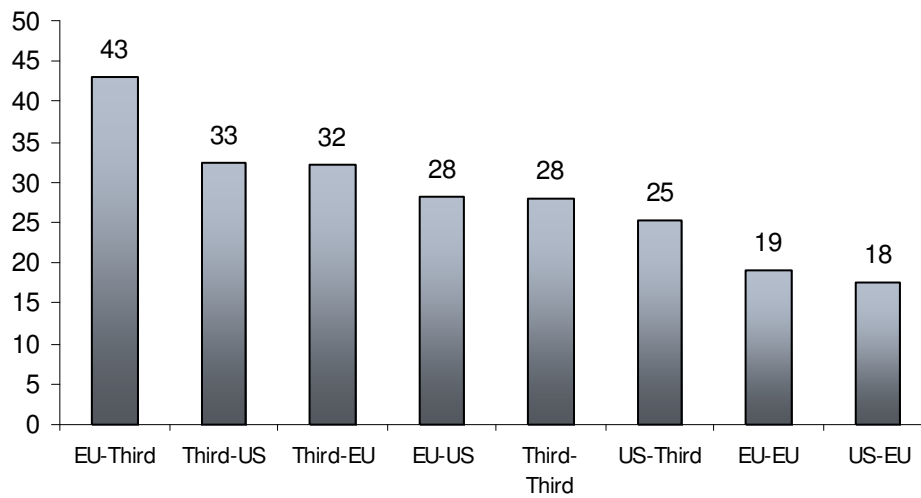


Figure XI.0.79 Distribution of Iron, steel & metal products respondents

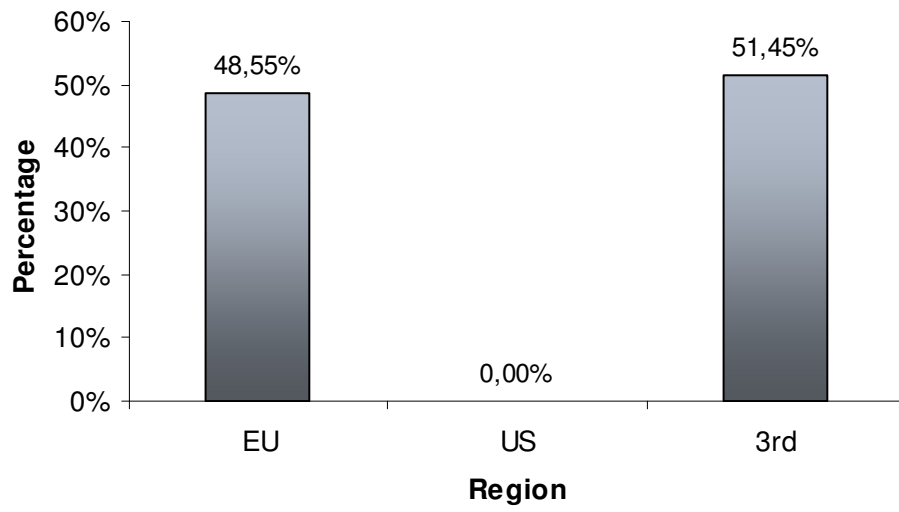


Figure XI.0.80 Turnover share of Iron, steel & metal products companies

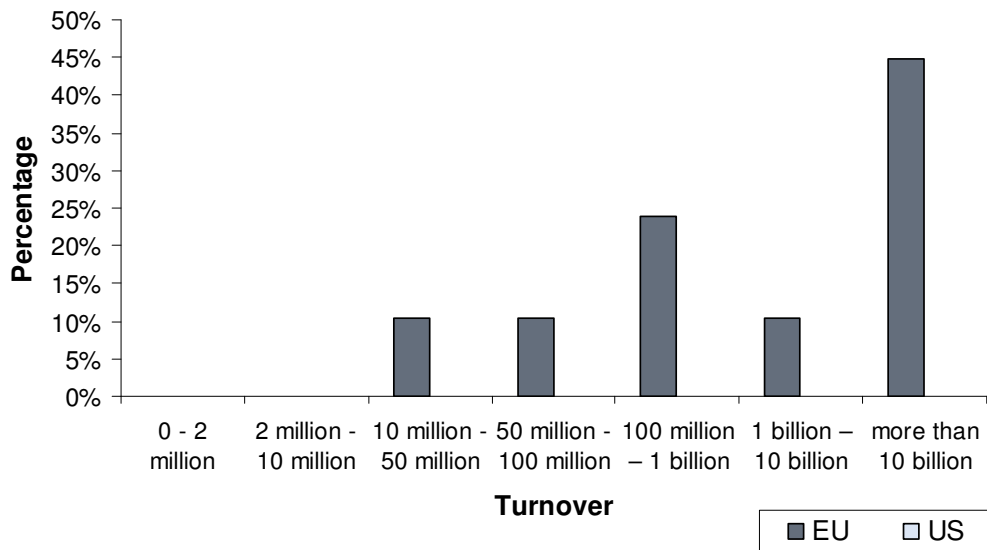
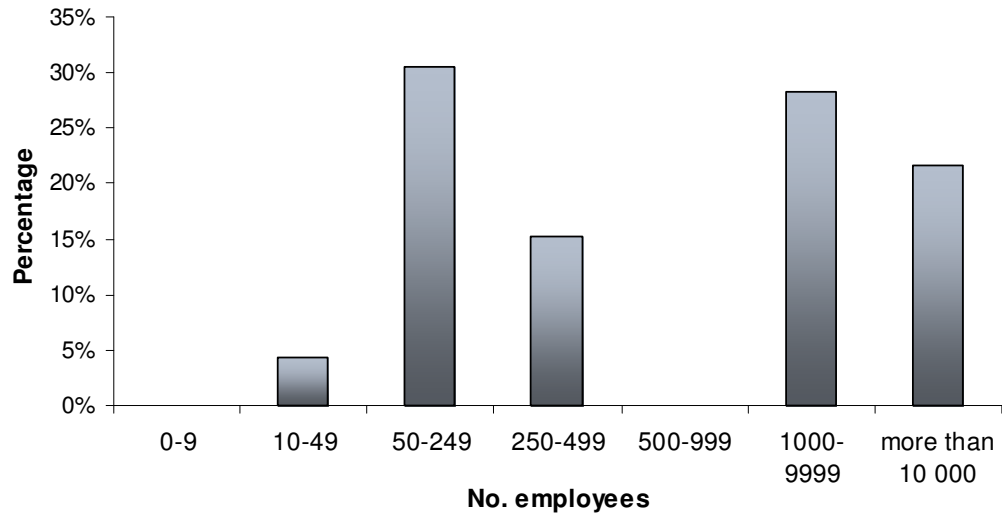


Figure XI.0.81 Size respondent companies Iron, steel & metal products, number of employees (EU, US and 3rd)



## VI.18 Textiles, Clothing and Footwear (TCF)

Figure VI.0.82 Average NTM indexes for textiles, clothing and footwear (trade-related barriers)

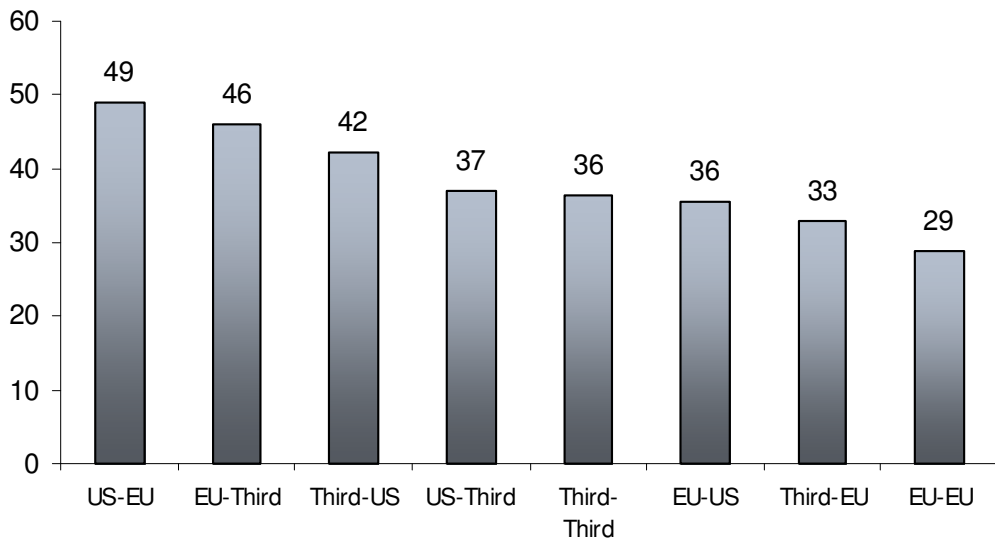


Figure VI.0.83 Average NTM indexes for textiles, clothing and footwear (investments)

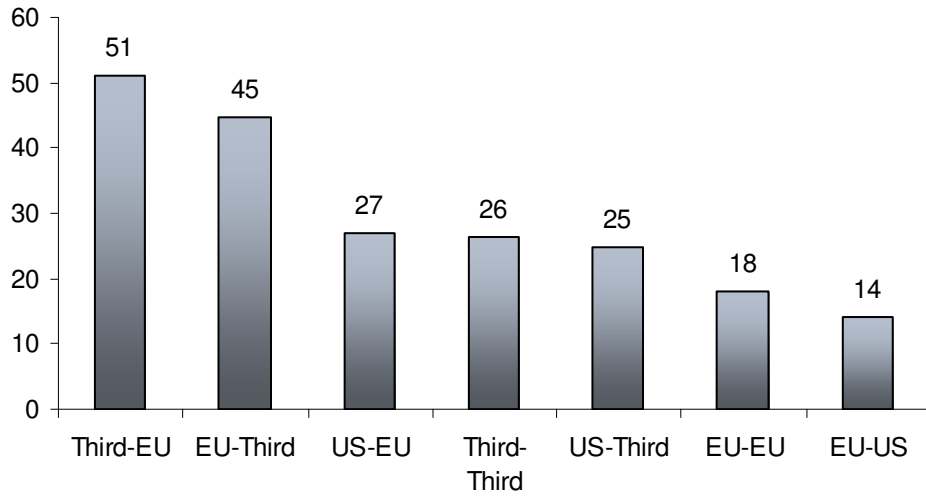


Figure VI.0.84 Distribution of textiles, clothing and footwear respondents

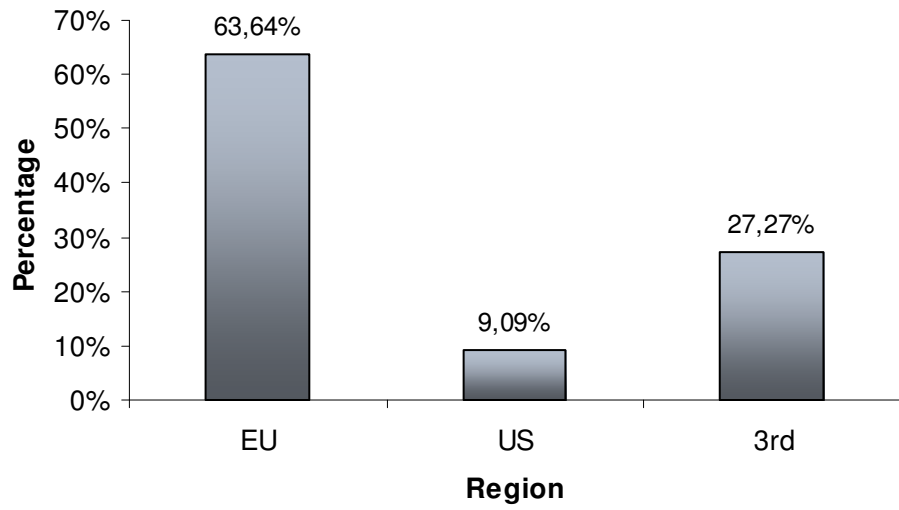


Figure VI.0.85 Turnover share of textiles, clothing and footwear companies

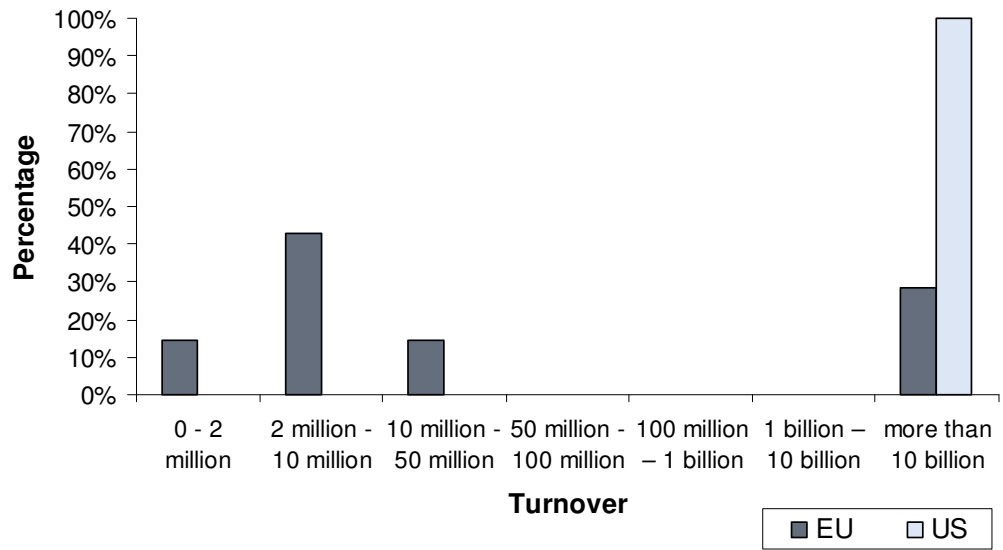
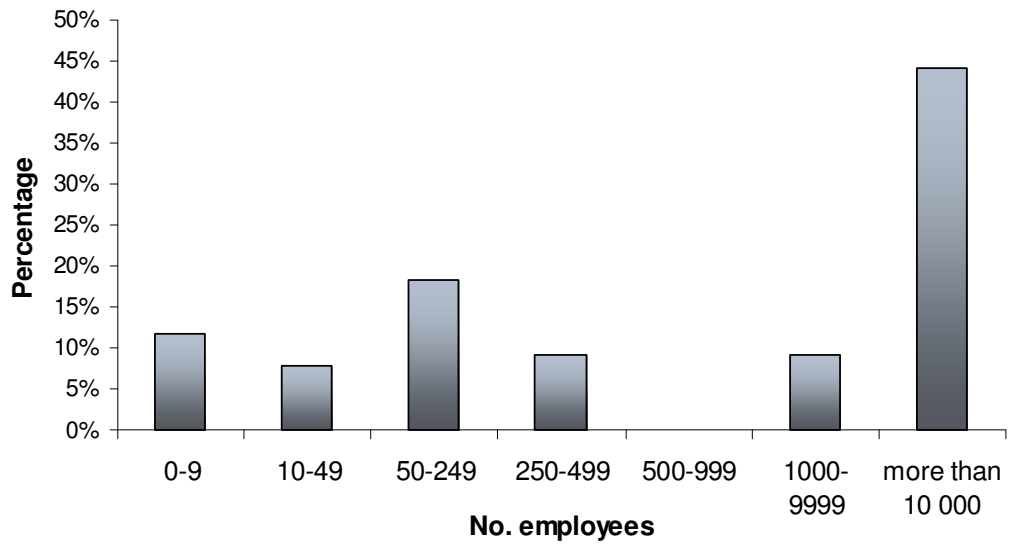


Figure VI.0.86 Size respondent companies textiles, clothing and footwear, number of employees (EU, US and 3rd)





## VI.19 Wood, Paper, Wood Products and Paper Products

Figure VI.0.87 Average NTM indexes for wood, paper, wood & paper products (trade-related barriers)

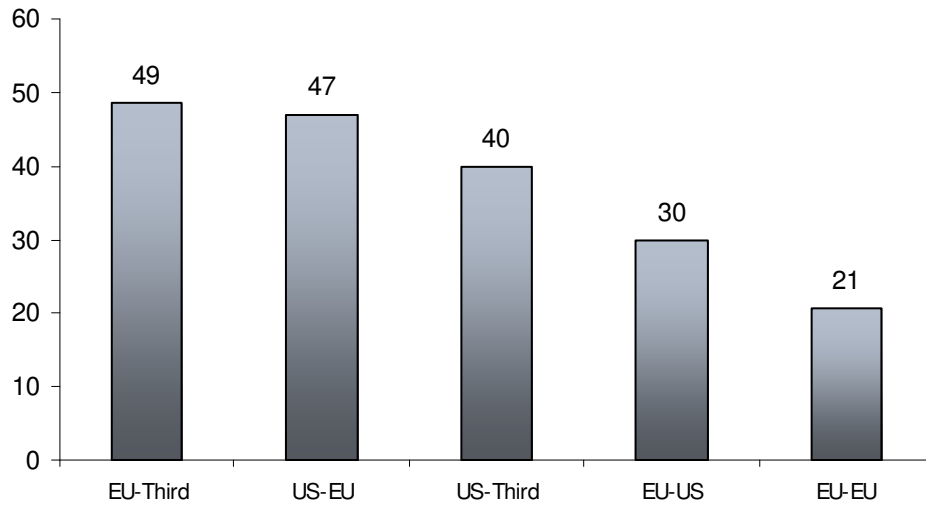


Figure VI.0.88 Average NTM indexes for wood, paper, wood & paper products (investment-related barriers)

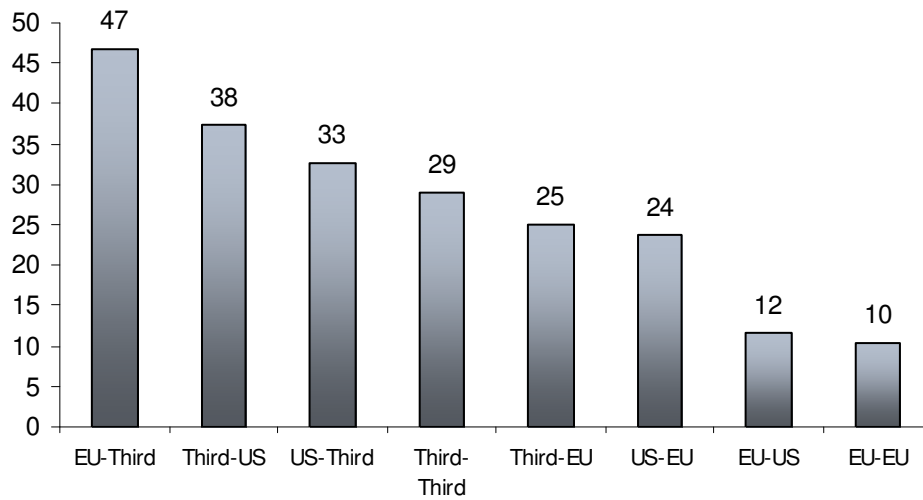


Figure VI.0.89 Distribution of wood, paper, wood & paper products respondents

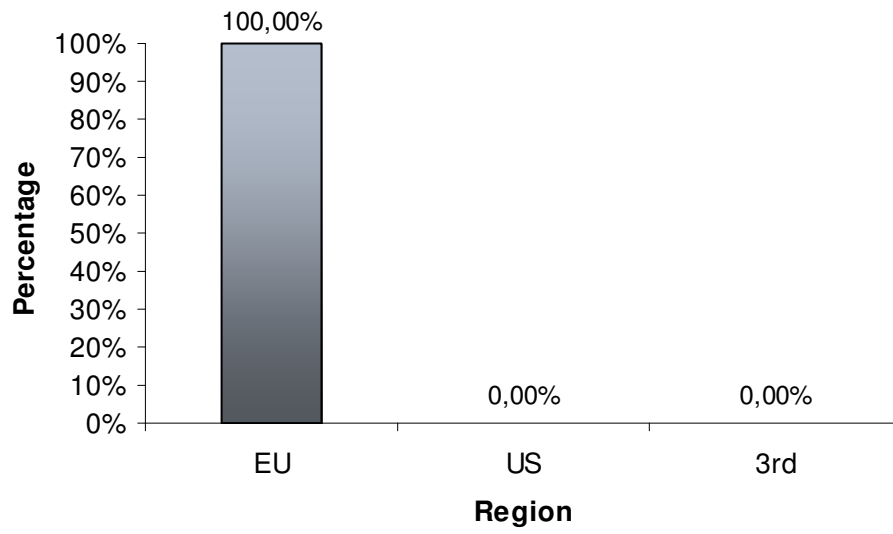


Figure VI.0.90 Turnover share of wood, paper, wood & paper products companies

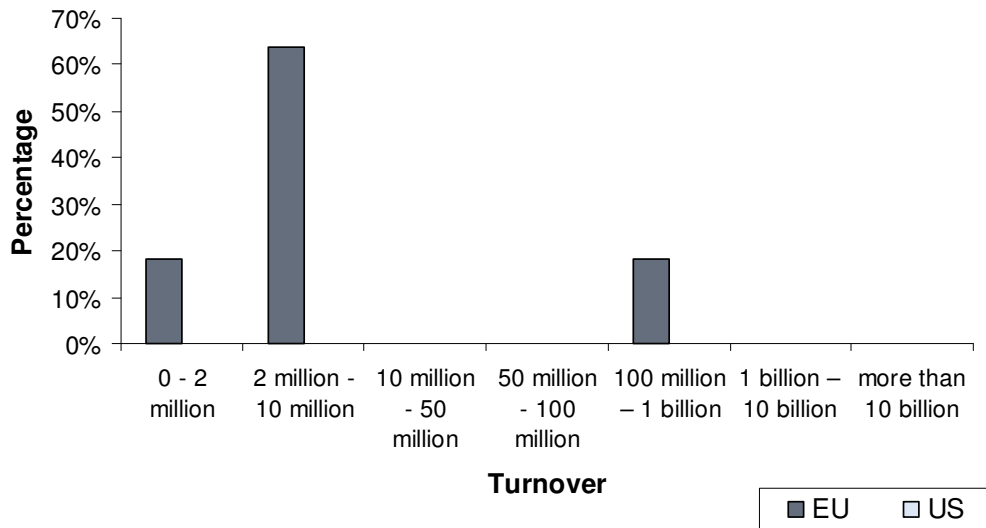
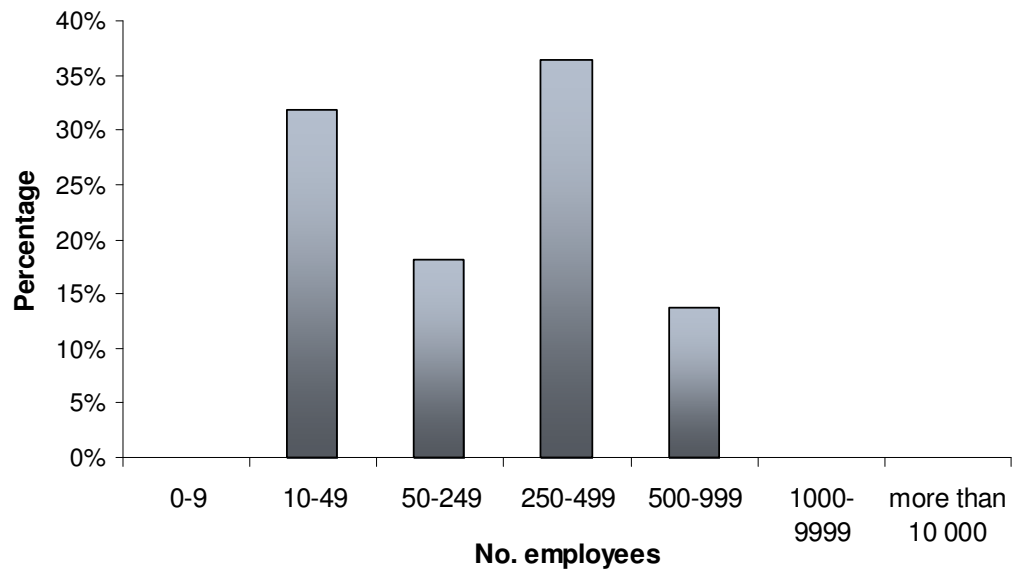


Figure VI.0.91 Size respondent companies wood, paper, wood & paper products, number of employees (EU, US and 3rd)



## VI.20 Travel services

Figure VI.0.92 Average NTM indexes for travel services (trade related barriers)

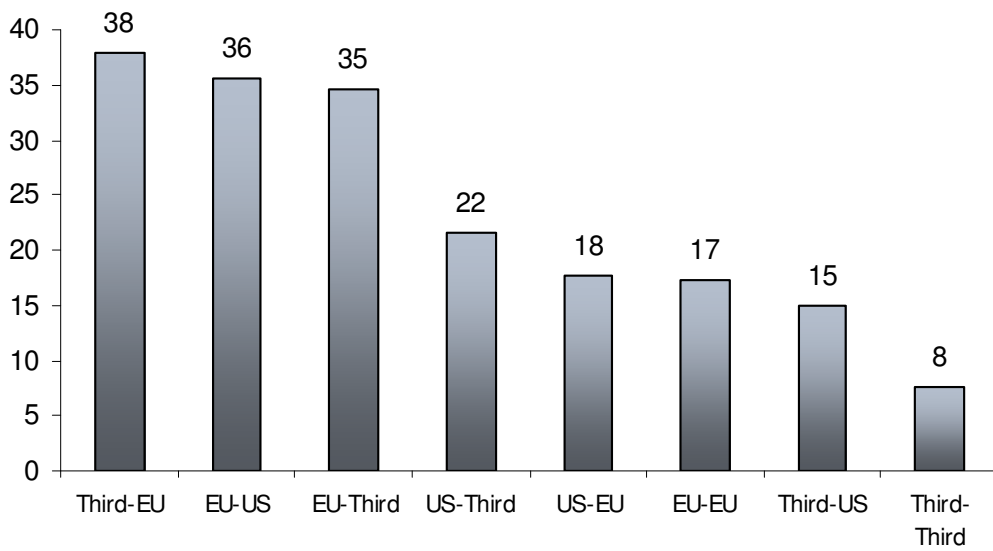


Figure VI.0.93 Average NTM indexes for travel services (investment related barriers)

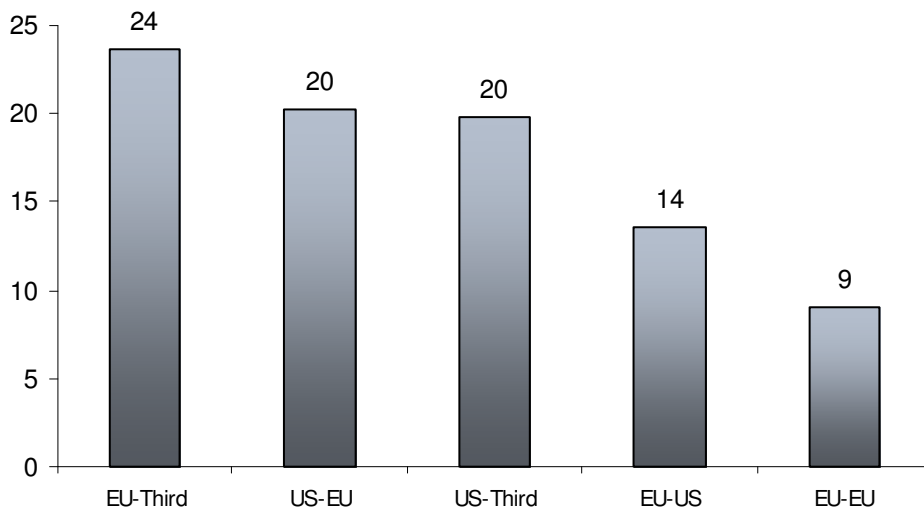


Figure VI.0.94 Distribution of travel services respondents

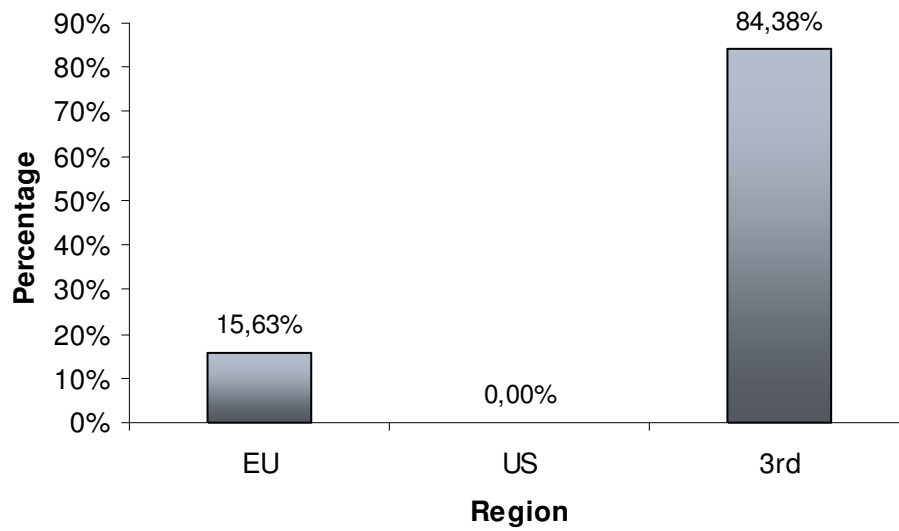


Figure VI.0.95 Turnover share of travel services companies

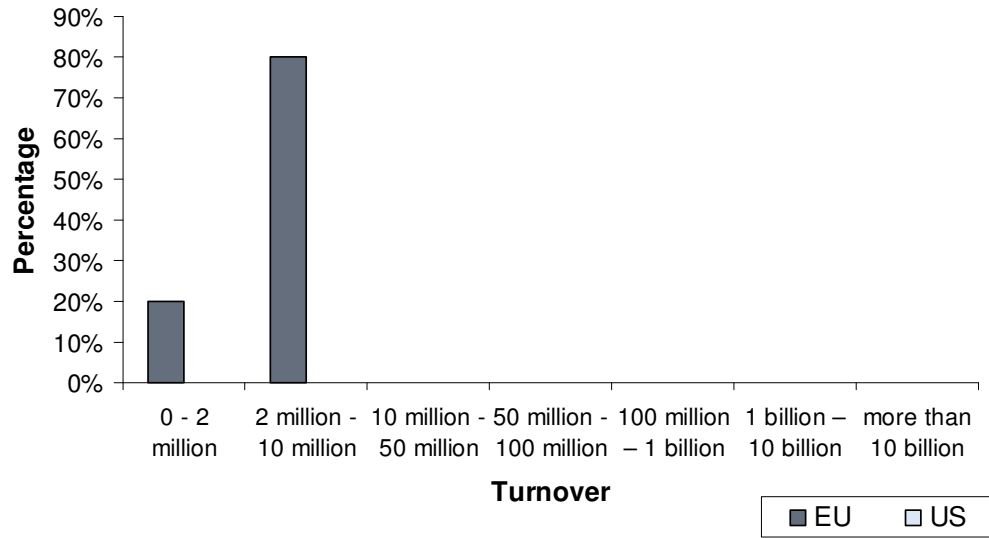
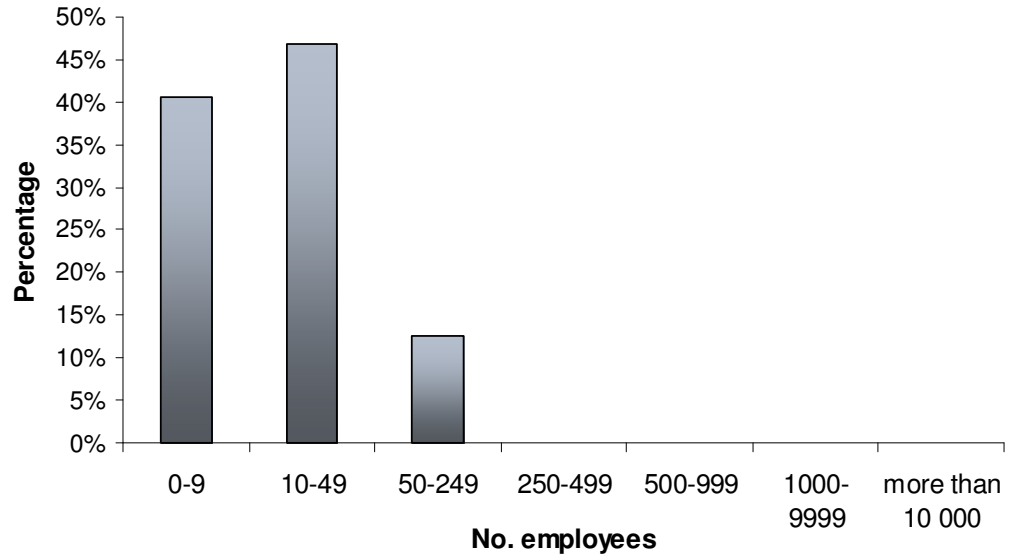


Figure VI.0.96 Size respondent companies travel services, number of employees (EU, US and 3rd)



## VI.21 Computer and information services

Figure VI.0.97 Average NTM indexes for Computer and Information services (trade-related barriers)

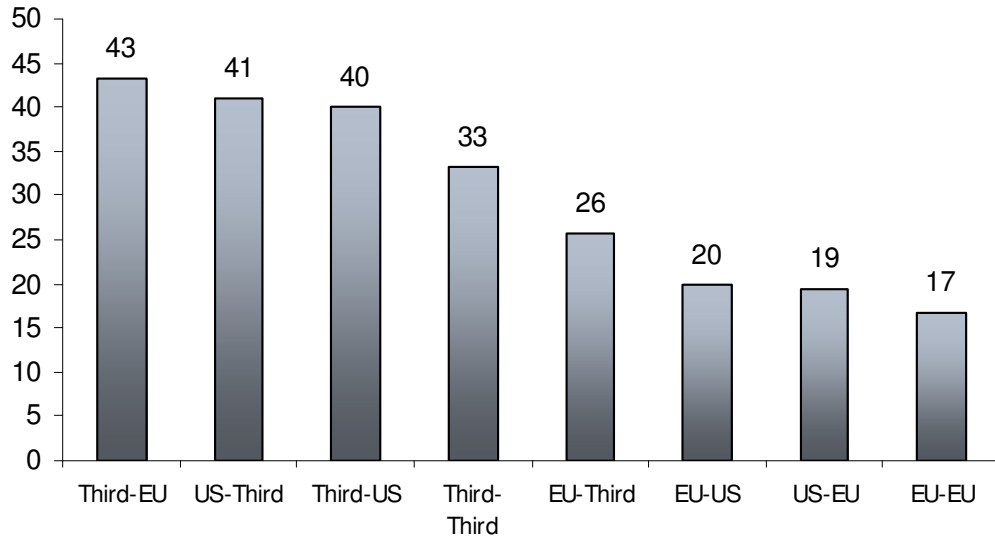


Figure VI.0.98 Average NTM indexes for Computer and Information services (investment-related barriers)

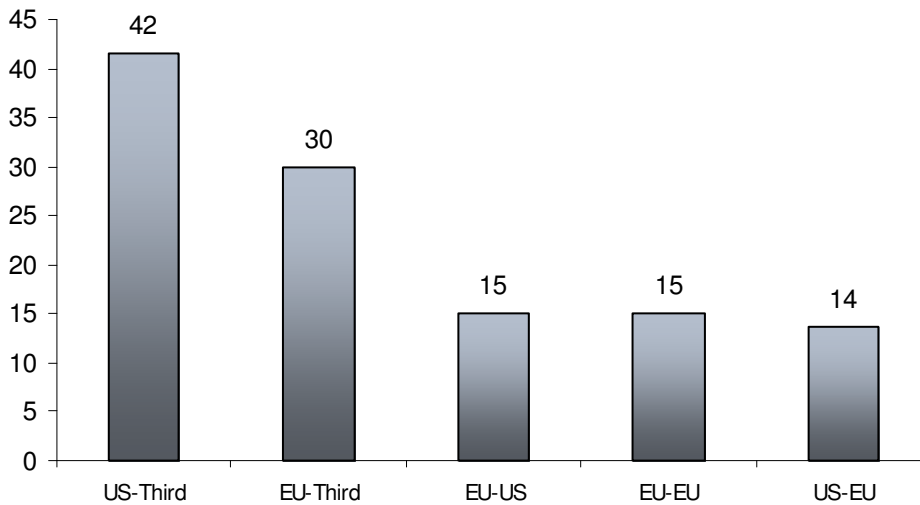


Figure VI.0.99 Distribution of Computer and Information services respondents

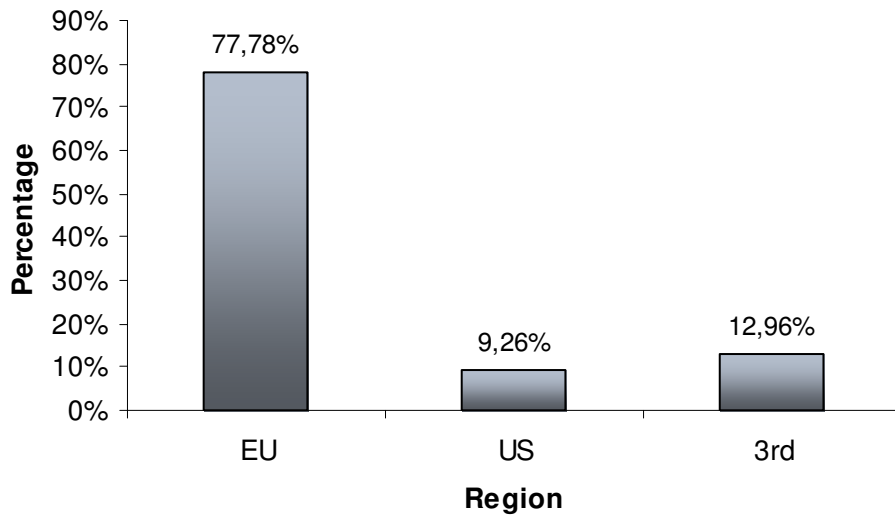


Figure VI.0.100 Turnover share of Computer and Information services companies

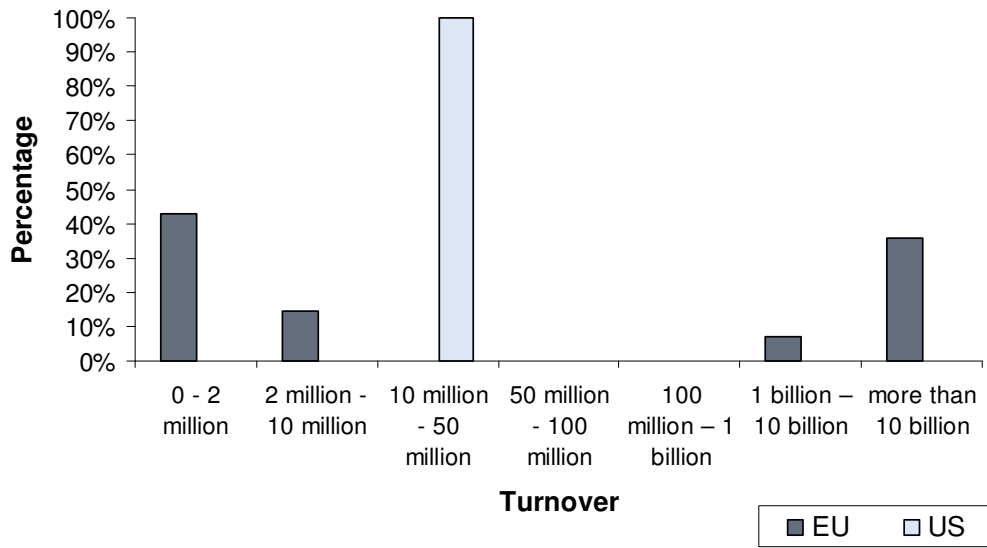
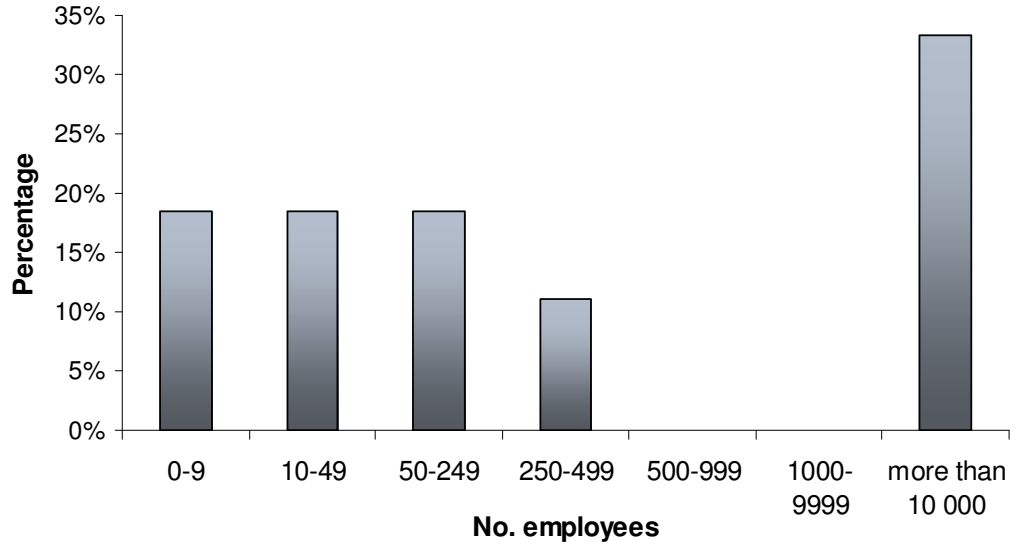


Figure VI.0.101 Size respondent companies Computer and Information services, number of employees (EU, US and 3rd)



## VI.22 Construction services

Figure VI.0.102 Average NTM indexes for Construction services (trade-related barriers)

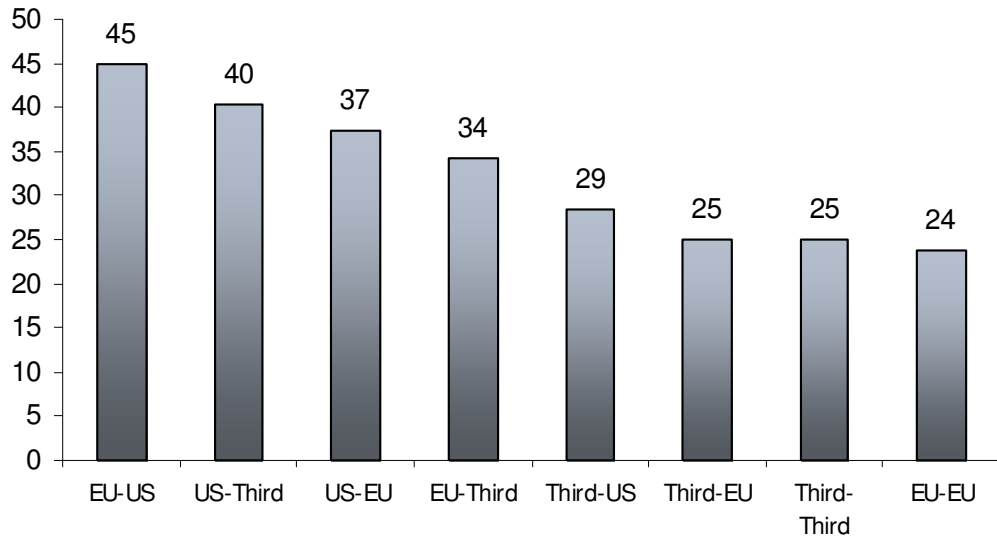




Figure VI.0.103 Average NTM indexes for Construction services (investment-related barriers)

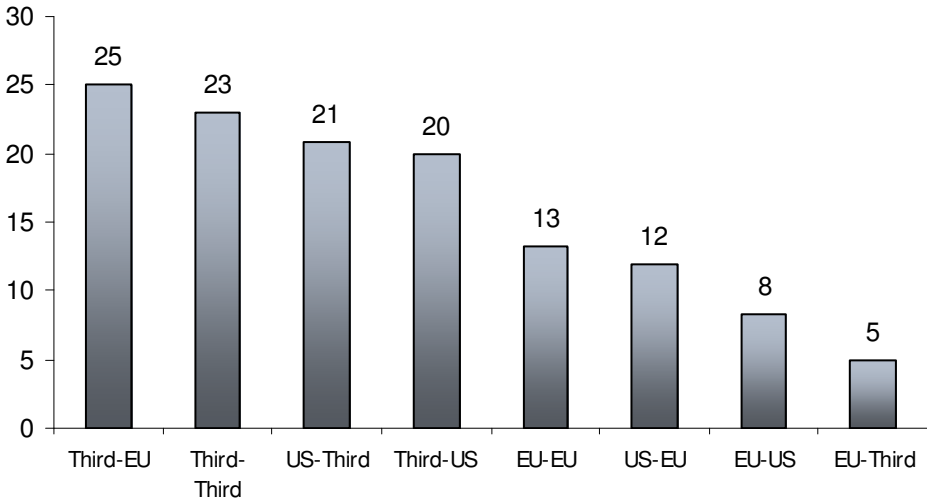


Figure VI.0.104 Distribution of Construction services respondents

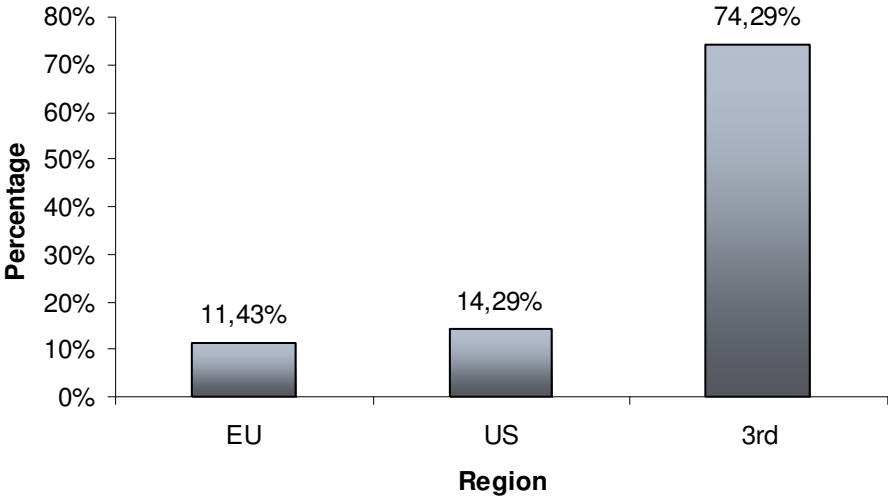


Figure VI.0.105 Turnover share of Construction services companies

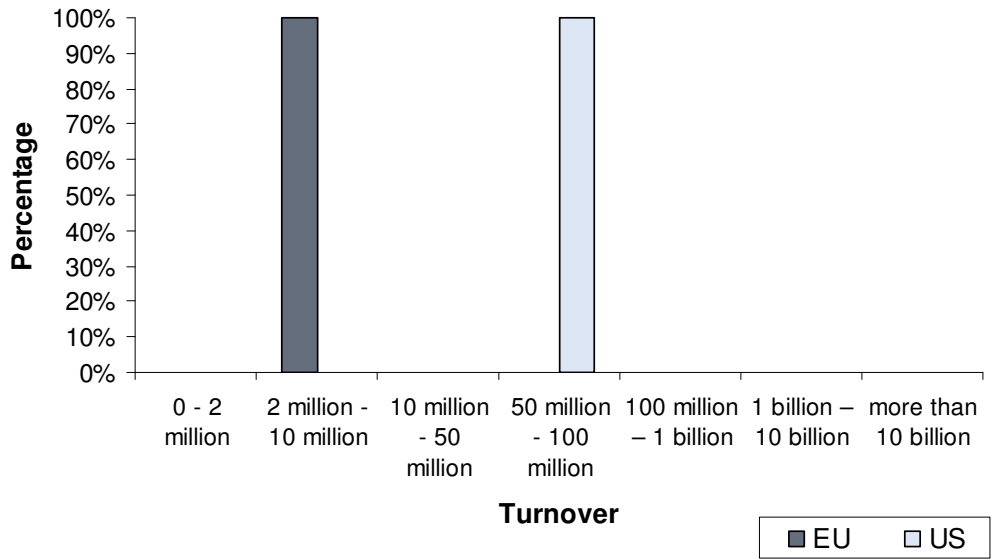
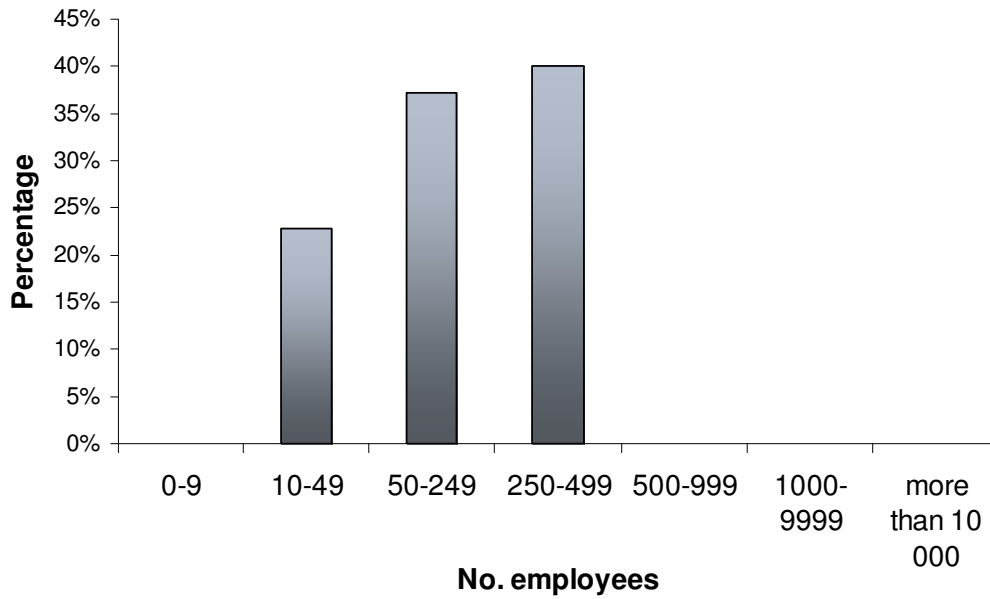


Figure VI.0.106 Size respondent companies Construction services, number of employees (EU, US and 3rd)



## VI.23 Other business services

Figure VI.0.107 Average NTM indexes for Other Business services (trade-related barriers)

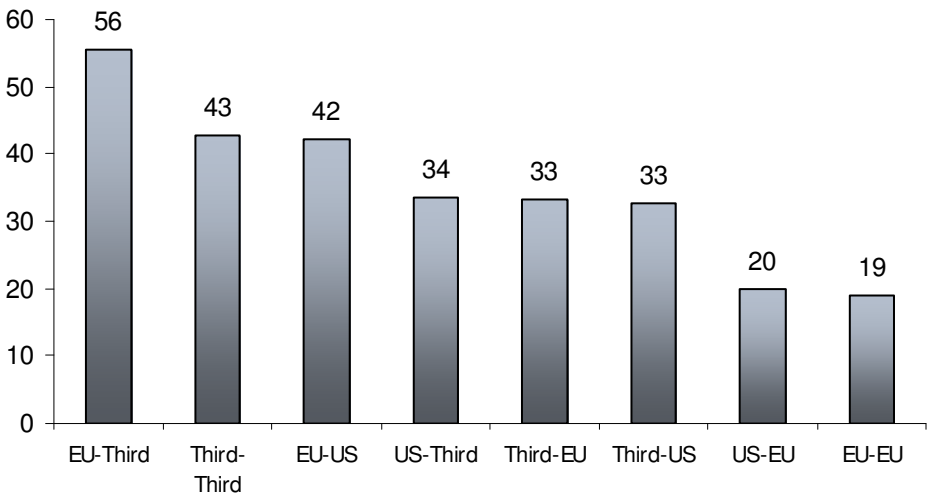


Figure VI.0.108 Average NTM indexes for Other Business services (investment-related barriers)

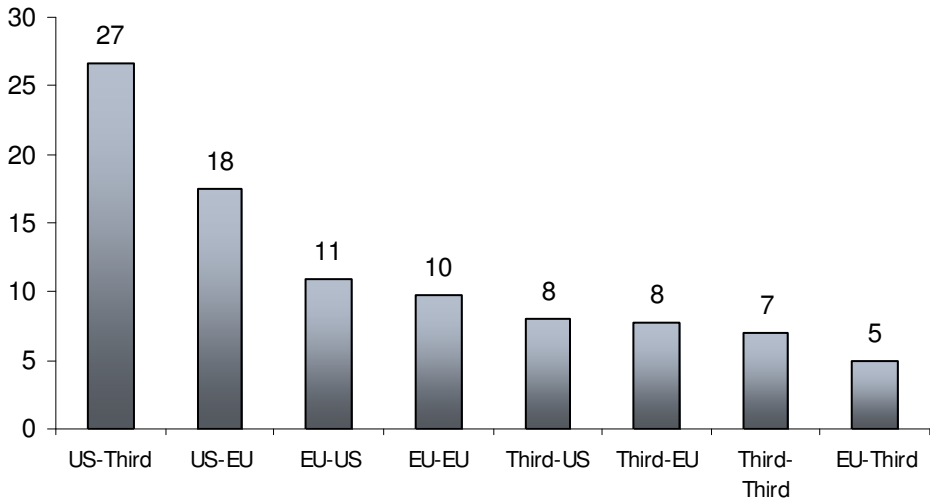


Figure VI.0.109 Distribution of Other Business services respondents

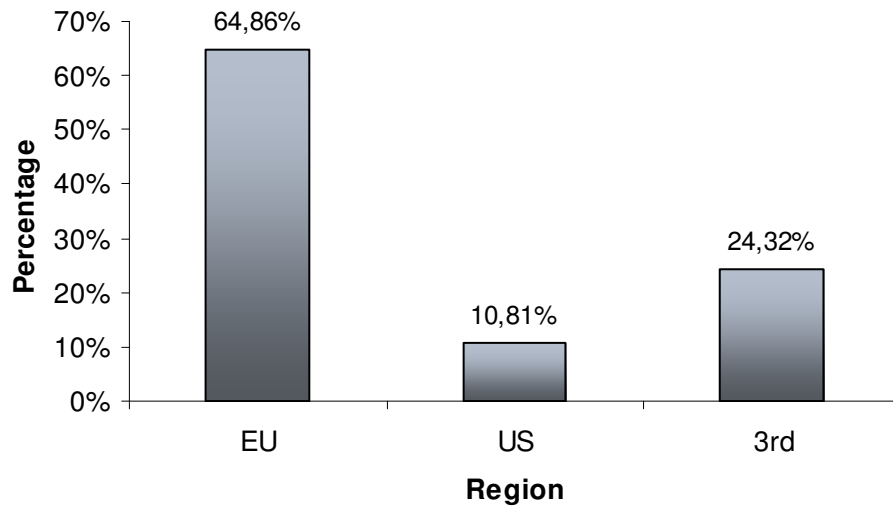


Figure VI.0.110 Turnover share of Other Business services companies

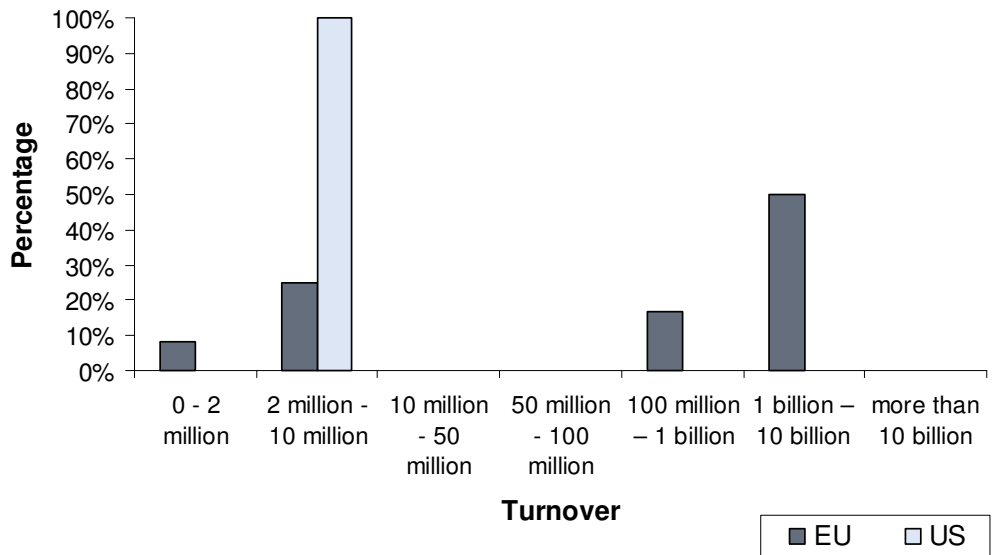
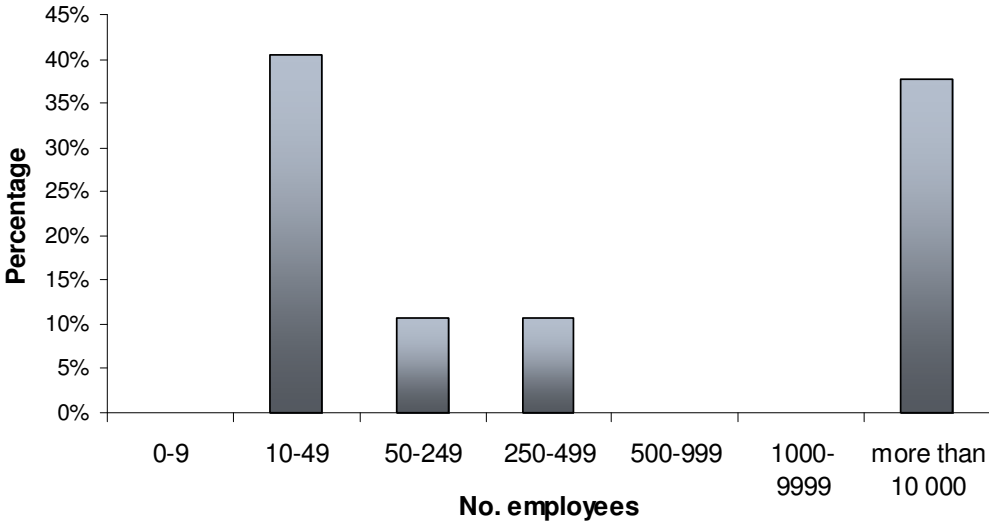


Figure VI.0.111 Size respondent companies Other Business services, number of employees (EU, US and 3rd)



### VI.24 Personal, Cultural and Recreational Services

Figure VI.0.112 Average NTM indexes for Personal, cultural and recreational services (trade-related barriers)

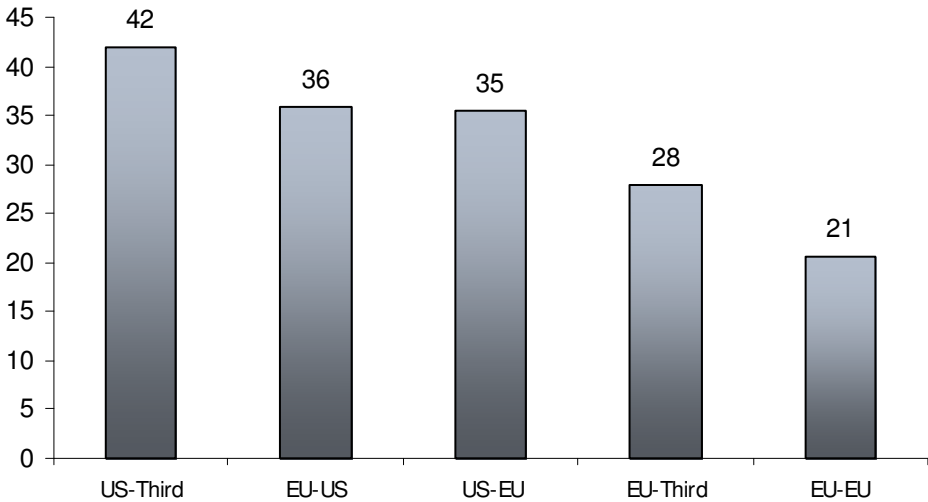


Figure VI.0.113 Average NTM indexes for Personal, cultural and recreational services (investment-related barriers)

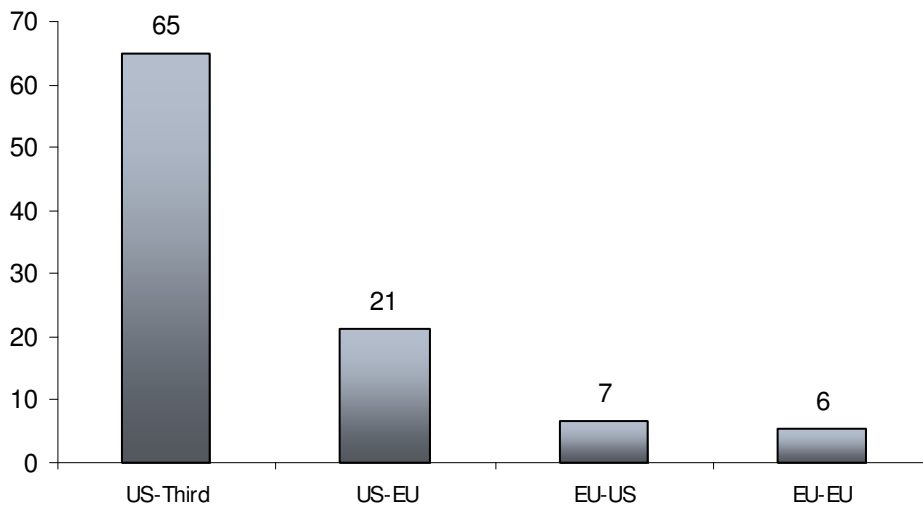


Figure VI.0.114 Distribution of Personal, cultural and recreational services respondents

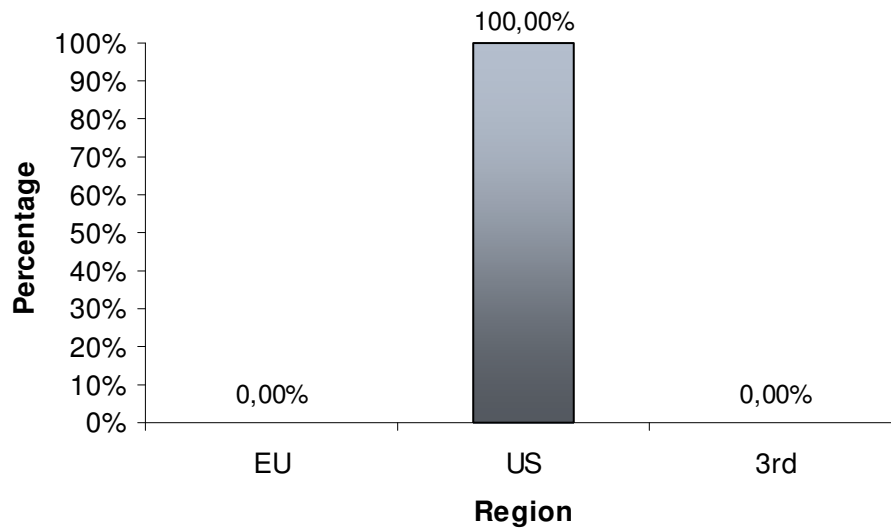


Figure VI.0.115 Turnover share of Personal, cultural and recreational services companies

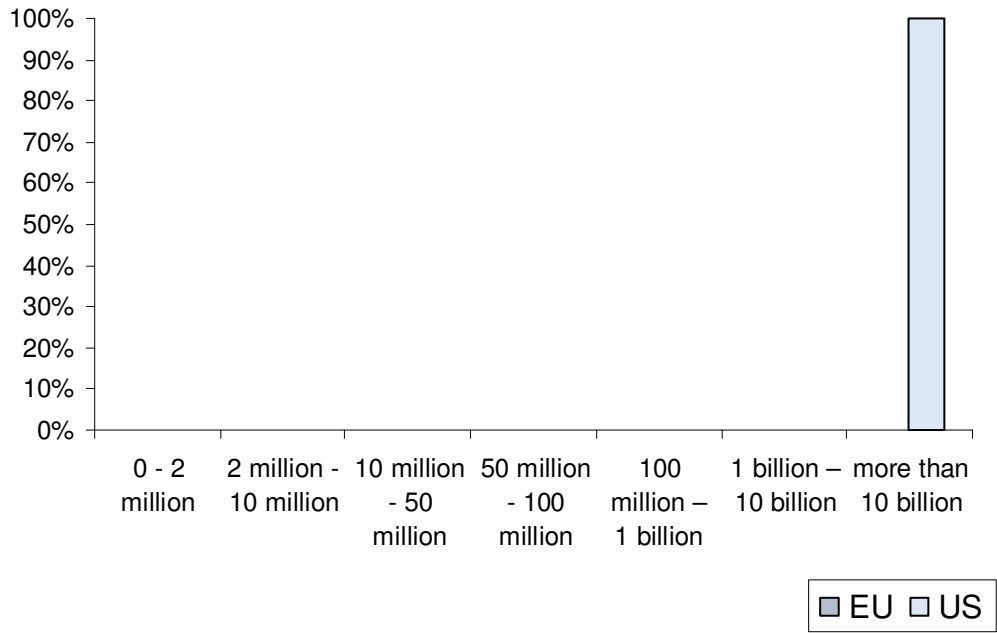
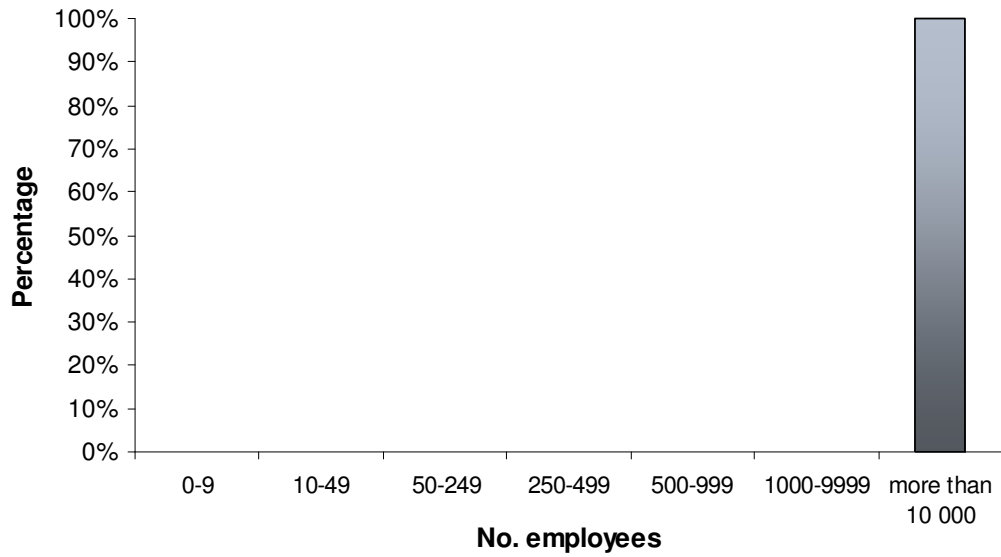


Figure VI.0.116 Size respondent companies Personal, cultural and recreational services, number of employees (EU, US and 3rd)







## Annex VII List of interviews and survey answers from industry federations, business association, other organisations and legislators

Table VII.0.1 List of interviews with and survey answers from EU organisations and legislators

Nr	Name of organisation and contact person	Sector name
1	European Automobile Manufacturers' Association (ACEA), Mr. D. Lamerigts (Director Technical Affairs)	Automotives
2	Orgalime, European Engineering Industries Association; Mr. Ž. Pazin (Senior Advisor).	Machinery Electronics
3	Association of European Airlines; Mr. F. Gamba (Deputy Secretary-General).	Transport services (air)
4	Verband der Chemischen Industrie e.V.; Prof.dr. R. Quick (Director, VCI Liaison Office Brussels) and Mrs. U. Schmülling (Liaison Office Brussels).	Chemicals
5	European Chemical Industry Council (CEFIC); Dr. Ing. J. Breukelaar (Director International Chemicals Policy) and R. van Sloten (Executive Director, Industrial policy)	Chemicals
6	European Banking Federation (EBF); Enrique Velázquez (Global Banking Issues and International Affairs Adviser)	Financial Services
7	European Apparel and Textiles Organisation (EURATEX); Francesco Marchi (Director of Economic Affairs)	Textiles
8	BT Group; Tilmann Kupfer (Head of EU Public Affairs)	Telecommunications
9	Medtronic, Mr. M. Gropp (Vice President Global Regulatory Strategy).	Medical, measuring and testing appliances
10	Comité Européen des Assurances; Ido Bruinsma (Policy Advisor International Affairs and Reinsurance)	Insurance
11	European federation of Pharmaceutical Industries and Associations; Brendan Barnes (Director, Multilateral Issues & Health Policy);	Pharmaceuticals

Nr	Name of organisation and contact person	Sector name
12	<b>German Insurance Association (Gesamtverband der Deutschen Versicherungswirtschaft)</b> <b>Dr. Ralf Gütersloh, Head of Foreign</b>	<b>Finance</b>
13	<b>The Federation of Danish Investment Associations</b>	<b>Finance</b>
14	<b>Cosmetic Toiletry and Perfumery Association (CTPA)</b> <b>Emma Meredith, Head of Scientific and Technical Services, and Olivia Santoni, Regulatory Information Offices</b>	<b>Cosmetics</b>
15	<b>Industrieverband Körperpflege- und Waschmittel e.V.(IKW), The German Cosmetic, Toiletry, Perfumery and Detergent Association</b> <b>Birgit Huber, Director Cosmetics, Toiletries, Perfumes and Hygiene Paper Products</b>	<b>Cosmetics</b>
16	<b>ETRMA, European Tyre &amp; Rubber Manufacturers' Association</b> <b>Mrs Fazilet Cinaralp, Secretary General</b>	<b>Automotives</b>
17	<b>Confederation of the Food and Drink Industries of the EU (CIAA), Economic Affairs Director Nathalie Lecocq,</b> <b>Kinga MALINOWSKA - Junior Manager Economic</b>	<b>Food and beverages</b>
18	<b>EDA (European Dairy Association)</b> <b>Benedicte Masure, Senior Trade &amp; Economics Officer,</b>	<b>Food and beverages</b>
19	<b>FEVIA</b> <b>Anne REUL Director</b>	<b>Food and beverages</b>
20	<b>EC, DG Enterprice, REACH: Graham Willmott,</b> <b>Klaus Berend , Luc DE-MEYER</b>	<b>Chemicals</b>
21	<b>Business Europe, Senior Adviser (International Director)</b> <b>Eoin O'Malley</b>	<b>All sectors</b>
22	<b>The European Association for Bioindustries, Secretary General, Willy de Greef</b>	<b>Biotechnology</b>
23	<b>EC, DG Enterprice, Mr Andras Roboz</b>	<b>Aerospace and Space Industry</b>
24	<b>EC, DG Trade, Nicolas DROSS</b>	<b>Industrial Sectors</b>
25	<b>EC, DG Trade, Karl Tachelet</b>	<b>Industrial Sectors</b>
26	<b>EC, DG Trade, Jean-Gabriel THEVENET</b>	<b>Industrial Sectors</b>
27	<b>EC, DG Trade, Tomas BAERT</b>	<b>Services and Investments</b>
28	<b>EC, DG Trade, Hans JOOSTENS, Paulo Luciano and Hanne Ken Poulsen</b>	<b>Sustainable Development and SPS Issues</b>
29	<b>EC, DG TAXUD, Sandra Moller</b>	<b>International Affairs, International bilateral agreements and multilateral organisations:</b>
30	<b>EC, DG MARKT, Benedict CARR</b>	<b>Insurance and pensions</b>

Table VII.0.2 List of interviews with and survey answers from US organisations and legislators

Nr	Name of organisation and contact person	Sector name
1	American Electronics Association, Mr. R. Mulligan (Senior VP International)	Electronics
2	American Meat Institute, Mr. J. Reddington (VP International Trade)	Food & beverages
3	American Insurance Association, Mr. D. Snyder (VP and Assistant General Counsel) and Mr. J. L. Engelhard (VP Federal Affairs)	Insurance services
4	International Air Transport Association (IATA), Mr. D. Lavin (Regional VP)	Transport services
5	Personal Care Products Council, Mrs. F. Lamoriello (Executive Vice President Global Strategies)	Cosmetics
6	Information Technology Association of America, Mr. J. Tasker (Senior VP and General Counsel)	ICT services
7	American Apparel and Footwear Association, Mr. Nate Herman (Director International Trade)	Textiles, clothing & footwear
8	Synthetic Organic Chemical Manufacturers Association (SOCMA), Ms. J. Freisleben (Assistant Mgt Gov't Relations), Mr. B. Allmond (Director, Government Relations) and Mr. D. Newton (Manager, Government Relations), Mr. Delisi	Chemicals
9	Groceries Manufacturers Association, Mrs. P. Rochette (Senior Director International Policy) – two meetings	Food & beverages / Biotechnology
10	Biotechnology Industry, Mrs. S. Bomer Lauritsen (Executive VP Food & Agriculture)	Biotechnology
11	Association of Equipment Manufacturers, Mr. N. Yaksich (VP Global public policy)	Machinery, Electronics, Office and communications equipment, medical, measuring and testing appliances
12	American Council of Life Insurers, Mr. B. Smith (Chief International Officer)	Insurance services
14	Pharma, Mr. J. Kimball (Associate VP)	Pharmaceuticals
15	US Coalition of Service Industries, Mr. J. Goyer (VP International Trade Negotiations & Investment)	Service sectors
16	US Chamber of Commerce, Mr. S. Heather (Executive Director Global Regulatory Cooperation), Mr. S. de Cazotte (Senior Policy Director, EU Affairs)	Overall
17	Aerospace Industries Association, Mr. R. Nathan	Aerospace & space

Nr	Name of organisation and contact person	Sector name
	(Assistant VP, International Affairs), Mr. P. J. Hart (Manager, International Affairs)	
18	Telecommunications Industry Association, Mr. N. Fetchko (Director, International & Gov't Affairs)	Communication services
21	American Beverage Association, Mrs. J. Thorman (Senior VP, Gov't Affairs), Mrs. B. Hiden (VP Federal Affairs), Mr. O. A. Vargas (Director, Global Policy & Government Affairs PepsiCo)	Food & beverages
21	Motor & Equipment Manufacturers Association, Mrs. A. Wilson (VP Gov't Affairs) and Mr. N. C. Garcia (Director, Federal and State Policy)	Automotives, Machinery
23	Air Transport Association, Mr. D. A. Berg (VP and General Council), Mr. J. M. Meenan (Executive VP and COO), Mrs. C. Bethke (Managing Director, International Affairs), Mr. J. L. Casey (VP, Industry Services and Deputy General Council), Mrs. P. Higginbotham (VP, Policy and Chief of Staff)	Transportation services
24	Automotive Trade Policy Council, Mr. C. D. Uthus (VP)	Automotives
25	Dept. of Commerce, Mr. Steve Jacobs (Deputy Assistant Secretary Market Access and Compliance), Mr. E. J. Brzytwa III (International Trade Specialist) and Mrs. L. A. Costa (Senior Trade Development Advisor)	Overall
26	OMB (Office of Management & Budget), Office of Information & Regulatory Affairs, Mrs. S. Dudley, Mr. D. J. Mancini (economist), Mr. K. Neyland (Deputy Administrator), Mr. A. T. Hunt (Branch Chief, Information Policy)	Overall
27	Dept. of Commerce, European Office, Mr. P. J. Corson (Senior Policy Advisor Europe), Mr. D. S. De Falco (Director, Office of the EU), Mr. J. Liuzzi (International Trade Specialist), Mr. L.C. Zachos (International Trade Specialist) and Mrs. S. Savich (Senior International Trade Specialist)	Overall

## Annex VIICGE Model Results

Table VIII.0.1 NTM CGE sectors and NTM reduction (percentage points)

Project sectors	Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR		
	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	
<b>Ambitious scenario –total NTM reductions</b>													
	Primary production	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b	Food and beverages	30,32	42,71	17,05	9,20	13,26	27,32	0,00	3,88	0,00	2,30	0,00	0,00
10,11,12	Chemicals	9,15	13,11	1,32	2,49	7,25	8,30	0,11	0,65	0,41	1,32	0,06	0,35
15,16	Electrical machinery	8,06	9,23	3,09	2,43	4,33	5,90	0,28	0,48	0,00	0,00	0,35	0,42
18	Motor vehicles	17,24	21,14	2,49	12,23	14,52	6,26	0,00	0,51	0,00	1,53	0,22	0,60
19	Other transport equipment	5,59	8,07	0,00	2,98	4,86	3,94	0,00	0,46	0,00	0,69	0,73	0,00
21	Metals and metal products	5,17	5,18	1,54	0,92	2,16	3,34	0,00	0,26	1,48	0,66	0,00	0,00
23	Wood and paper products	8,44	5,28	4,01	0,59	2,73	4,11	1,54	0,59	0,15	0,00	0,00	0,00
14,22	Other manufactures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

		Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR	
		US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US
<b>Project sectors</b>													
2	Transport												
	Air	1,12	1,30	0,22	0,76	0,90	0,43	0,00	0,05	0,00	0,06	0,00	0,00
	Water	4,49	5,18	0,89	3,02	3,60	1,71	0,00	0,19	0,00	0,26	0,00	0,00
3	Finance	7,05	17,41	2,93	12,45	2,64	4,96	0,00	0,00	1,24	0,00	0,23	0,00
5	Insurance	5,59	9,08	3,85	6,53	1,74	2,55	0,00	0,00	0,00	0,00	0,00	0,00
4,8	Business and ICT	4,34	2,20	0,62	0,07	3,52	1,72	0,00	0,00	0,00	0,18	0,20	0,24
6	Communications	8,23	1,33	7,45	0,36	0,78	0,77	0,00	0,00	0,00	0,15	0,00	0,05
7	Construction	2,64	1,86	0,36	0,20	1,43	1,25	0,00	0,06	0,64	0,35	0,21	0,00
9	Personal, cultural, other services	2,50	1,36	0,74	1,01	0,88	0,17	0,00	0,00	0,00	0,00	0,88	0,17
	Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Reductions in costs coming from NTMs in ambitious scenario</b>													
	Primary production	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b	Food and beverages	20,92	27,22	11,77	5,87	9,15	17,42	0,00	2,47	0,00	1,47	0,00	0,00
10,11, 12	Chemicals	5,56	8,80	0,80	1,67	4,41	5,57	0,07	0,44	0,25	0,89	0,04	0,23
15,16	Electrical machinery	4,94	6,13	1,89	1,62	2,66	3,92	0,17	0,32	0,00	0,00	0,22	0,28
18	Motor vehicles	11,54	13,78	1,67	7,98	9,72	4,08	0,00	0,33	0,00	1,00	0,15	0,39
19	Other transport equipment	3,11	4,37	0,00	1,62	2,71	2,13	0,00	0,25	0,00	0,37	0,41	0,00
21	Metals and metal products	1,85	3,43	0,55	0,61	0,77	2,21	0,00	0,17	0,53	0,43	0,00	0,00
23	Wood and paper products	5,93	4,04	2,82	0,45	1,92	3,15	1,08	0,45	0,11	0,00	0,00	0,00

		Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR	
		US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US
<b>Project sectors</b>													
14,22	Other manufactures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Transport												
	air	0,36	0,35	0,07	0,21	0,29	0,12	0,00	0,01	0,00	0,02	0,00	0,00
	water	1,43	1,42	0,28	0,83	1,15	0,47	0,00	0,05	0,00	0,07	0,00	0,00
3	Finance	2,87	9,68	1,20	6,92	1,08	2,76	0,00	0,00	0,51	0,00	0,09	0,00
5	Insurance	2,80	5,46	1,93	3,93	0,87	1,53	0,00	0,00	0,00	0,00	0,00	0,00
4,8	Business and ICT	2,47	1,36	0,35	0,04	2,00	1,06	0,00	0,00	0,00	0,11	0,11	0,15
6	Communcations	4,29	0,54	3,88	0,15	0,41	0,31	0,00	0,00	0,00	0,06	0,00	0,02
7	Construction	1,90	1,05	0,26	0,11	1,03	0,71	0,00	0,03	0,46	0,20	0,15	0,00
9	Personal, cultural, other services	0,97	0,33	0,28	0,25	0,34	0,04	0,00	0,00	0,00	0,00	0,34	0,04
	Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Reductions in rents generated by NTMs in the ambitious scenario</b>													
	Primary production	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b	Food and beverages	9,40	15,49	5,29	3,34	4,11	9,91	0,00	1,41	0,00	0,83	0,00	0,00
10,11, 12	Chemicals	3,58	4,31	0,52	0,82	2,84	2,73	0,04	0,21	0,16	0,44	0,02	0,11
15,16	Electrical machinery	3,11	3,10	1,19	0,82	1,68	1,98	0,11	0,16	0,00	0,00	0,14	0,14
18	Motor vehicles	5,70	7,35	0,82	4,26	4,80	2,18	0,00	0,18	0,00	0,53	0,07	0,21
19	Other transport equipment	2,47	3,70	0,00	1,37	2,15	1,81	0,00	0,21	0,00	0,32	0,32	0,00
21	Metals and metal products	3,32	1,75	0,99	0,31	1,39	1,13	0,00	0,09	0,95	0,22	0,00	0,00
23	Wood and paper products	2,51	1,24	1,19	0,14	0,81	0,96	0,46	0,14	0,05	0,00	0,00	0,00

		Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR	
		US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US
<b>Project sectors</b>													
14,22	Other manufactures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Transport												
	air	0,76	0,94	0,15	0,55	0,61	0,31	0,00	0,03	0,00	0,05	0,00	0,00
	water	3,06	3,77	0,61	2,20	2,45	1,24	0,00	0,14	0,00	0,19	0,00	0,00
3	Finance	4,17	7,73	1,74	5,53	1,56	2,20	0,00	0,00	0,74	0,00	0,14	0,00
5	Insurance	2,80	3,63	1,93	2,61	0,87	1,02	0,00	0,00	0,00	0,00	0,00	0,00
4,8	Business and ICT	1,87	0,84	0,27	0,03	1,52	0,66	0,00	0,00	0,00	0,07	0,09	0,09
6	Communcations	3,94	0,79	3,57	0,22	0,37	0,46	0,00	0,00	0,00	0,09	0,00	0,03
7	Construction	0,74	0,80	0,10	0,09	0,40	0,54	0,00	0,03	0,18	0,15	0,06	0,00
9	Personal, cultural, other services	1,53	1,03	0,45	0,77	0,54	0,13	0,00	0,00	0,00	0,00	0,54	0,13
	Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Modest scenario –total NTM reduction</b>													
	Primary production	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b	Food and beverages	15,16	21,35	8,53	4,60	6,63	13,66	0,00	1,94	0,00	1,15	0,00	0,00
10,11, 12	Chemicals	4,57	6,55	0,66	1,24	3,62	4,15	0,05	0,33	0,21	0,66	0,03	0,17
15,16	Electrical machinery	4,03	4,62	1,54	1,22	2,17	2,95	0,14	0,24	0,00	0,00	0,18	0,21
18	Motor vehicles	8,62	10,57	1,25	6,12	7,26	3,13	0,00	0,26	0,00	0,77	0,11	0,30
19	Other transport equipment	2,79	4,04	0,00	1,49	2,43	1,97	0,00	0,23	0,00	0,34	0,36	0,00
21	Metals and metal products	2,59	2,59	0,77	0,46	1,08	1,67	0,00	0,13	0,74	0,33	0,00	0,00
23	Wood and paper products	4,22	2,64	2,01	0,29	1,36	2,05	0,77	0,29	0,08	0,00	0,00	0,00



		Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR	
		US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US
<b>Project sectors</b>													
14,22	Other manufactures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Transport												
	Air	0,56	0,65	0,11	0,38	0,45	0,21	0,00	0,02	0,00	0,03	0,00	0,00
	Water	2,24	2,59	0,44	1,51	1,80	0,86	0,00	0,10	0,00	0,13	0,00	0,00
3	Finance	3,52	8,70	1,47	6,22	1,32	2,48	0,00	0,00	0,62	0,00	0,12	0,00
5	Insurance	2,80	4,54	1,93	3,27	0,87	1,27	0,00	0,00	0,00	0,00	0,00	0,00
4,8	Business and ICT	2,17	1,10	0,31	0,03	1,76	0,86	0,00	0,00	0,00	0,09	0,10	0,12
6	Communcations	4,11	0,67	3,72	0,18	0,39	0,39	0,00	0,00	0,00	0,08	0,00	0,02
7	Construction	1,32	0,93	0,18	0,10	0,71	0,63	0,00	0,03	0,32	0,17	0,11	0,00
9	Personal, cultural, other services	1,25	0,68	0,37	0,51	0,44	0,09	0,00	0,00	0,00	0,00	0,44	0,09
	Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Reductions in costs coming from NTMs in modest scenario</b>													
	Primary production	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b	Food and beverages	10,46	13,61	5,88	2,93	4,58	8,71	0,00	1,24	0,00	0,73	0,00	0,00
10,11, 12	Chemicals	2,78	4,40	0,40	0,83	2,20	2,79	0,03	0,22	0,13	0,44	0,02	0,12
15,16	Electrical machinery	2,47	3,07	0,95	0,81	1,33	1,96	0,09	0,16	0,00	0,00	0,11	0,14
18	Motor vehicles	5,77	6,89	0,83	3,99	4,86	2,04	0,00	0,17	0,00	0,50	0,07	0,19
19	Other transport equipment	1,56	2,19	0,00	0,81	1,35	1,07	0,00	0,12	0,00	0,19	0,20	0,00
21	Metals and metal products	0,93	1,71	0,27	0,30	0,39	1,11	0,00	0,09	0,26	0,22	0,00	0,00
23	Wood and paper products	2,96	2,02	1,41	0,22	0,96	1,57	0,54	0,22	0,05	0,00	0,00	0,00

		Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR	
		US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US
<b>Project sectors</b>													
14,22	Other manufactures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Transport												
	Air	0,18	0,18	0,04	0,10	0,14	0,06	0,00	0,01	0,00	0,01	0,00	0,00
	Water	0,72	0,71	0,14	0,41	0,57	0,23	0,00	0,03	0,00	0,04	0,00	0,00
3	Finance	1,44	4,84	0,60	3,46	0,54	1,38	0,00	0,00	0,25	0,00	0,05	0,00
5	Insurance	1,40	2,73	0,96	1,96	0,44	0,77	0,00	0,00	0,00	0,00	0,00	0,00
4,8	Business and ICT	1,23	0,68	0,18	0,02	1,00	0,53	0,00	0,00	0,00	0,05	0,06	0,07
6	Communcations	2,14	0,27	1,94	0,07	0,20	0,16	0,00	0,00	0,00	0,03	0,00	0,01
7	Construction	0,95	0,53	0,13	0,06	0,51	0,35	0,00	0,02	0,23	0,10	0,08	0,00
9	Personal, cultural, other services	0,48	0,16	0,14	0,12	0,17	0,02	0,00	0,00	0,00	0,00	0,17	0,02
	Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Reductions in rents generated by NTMs in the modest scenario</b>													
	Primary production	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
b	Food and beverages	4,70	7,74	2,64	1,67	2,06	4,95	0,00	0,70	0,00	0,42	0,00	0,00
10,11, 12	Chemicals	1,79	2,15	0,26	0,41	1,42	1,36	0,02	0,11	0,08	0,22	0,01	0,06
15,16	Electrical machinery	1,56	1,55	0,60	0,41	0,84	0,99	0,05	0,08	0,00	0,00	0,07	0,07
18	Motor vehicles	2,85	3,68	0,41	2,13	2,40	1,09	0,00	0,09	0,00	0,27	0,04	0,10
19	Other transport equipment	1,24	1,85	0,00	0,68	1,08	0,90	0,00	0,11	0,00	0,16	0,16	0,00
21	Metals and metal products	1,66	0,88	0,49	0,16	0,69	0,57	0,00	0,04	0,47	0,11	0,00	0,00
23	Wood and paper products	1,26	0,62	0,60	0,07	0,41	0,48	0,23	0,07	0,02	0,00	0,00	0,00

		Total		Sector-specific measures		Cross-cutting measures		Scanning		Procurement		IPR	
		US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US	US to EU	EU to US
Project sectors													
14,22	Other manufactures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	Transport												
	Air	0,38	0,47	0,08	0,27	0,31	0,16	0,00	0,02	0,00	0,02	0,00	0,00
	Water	1,53	1,88	0,30	1,10	1,23	0,62	0,00	0,07	0,00	0,09	0,00	0,00
3	Finance	2,09	3,87	0,87	2,76	0,78	1,10	0,00	0,00	0,37	0,00	0,07	0,00
5	Insurance	1,40	1,81	0,96	1,30	0,44	0,51	0,00	0,00	0,00	0,00	0,00	0,00
4,8	Business and ICT	0,94	0,42	0,13	0,01	0,76	0,33	0,00	0,00	0,00	0,03	0,04	0,05
6	Communcations	1,97	0,40	1,78	0,11	0,19	0,23	0,00	0,00	0,00	0,04	0,00	0,01
7	Construction	0,37	0,40	0,05	0,04	0,20	0,27	0,00	0,01	0,09	0,08	0,03	0,00
9	Personal, cultural, other services	0,77	0,51	0,23	0,38	0,27	0,07	0,00	0,00	0,00	0,00	0,27	0,07
	Other services	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Note: Trasport estimates are from Dee(2005).

Note: for composite sectors, we are using averages across study subsectors.

For goods, intra-EU effects are applied to the US based on relative indexes.



Table VIII.0.2 All actionable NTMs, macroeconomic effects

Real income, billion €	full liberalization, short run	full liberalization, long run
ROW	1.69	-74.37

Table VIII.0.3 All actionable NTMs, ROW, full liberalization

Sector	Percent change in output		Percent change in imports		Percent change in exports		Percent change in prices	
	Short run	Long run	Short run	Long run	Short run	Long run	Short run	Long run
Agr, forestry, fisheries	0,06	0,01	0,22	-0,71	0,05	-0,45	0,26	-0,01
Other primary sectors	0,03	0,02	0,71	0,38	0,07	0,15	0,17	0,15
Processed foods	0,11	-0,05	-0,35	-0,50	0,24	-0,07	0,22	0,05
Chemicals	0,29	-0,41	-1,48	-1,40	0,12	-1,00	0,22	0,22
Electrical machinery	-5,15	-6,19	-1,93	-1,70	-7,48	-8,26	0,18	0,3
Motor vehicles	-11,18	-12,07	-0,64	-0,68	-23,66	-25,01	0,46	0,52
Other transport equipment	-0,55	-0,55	-0,61	-0,52	-1,53	-0,97	0,06	0,13
Other machinery	2,87	2,72	-2,07	-2,14	6,13	6,37	0,06	0,09
Metals and metal products	0,67	0,61	-2,67	-2,88	0,43	0,81	0,2	0,24
Wood and paper products	1,14	0,96	-1,96	-2,41	2,38	2,70	0,31	0,31
Other manufactures	0,63	0,37	-0,54	-0,44	1,97	1,91	0,15	0,12
Water transport	1,01	0,83	0,48	0,47	1,87	1,86	0,37	0,35
Air transport	0,79	0,64	-0,75	-0,97	1,28	1,38	0,3	0,3
Finance	0,06	-0,20	-1,12	-1,35	1,08	1,45	0,51	0,59
Insurance	0,35	0,17	-1,39	-1,76	1,46	1,70	0,44	0,5
Business services	0,25	-0,07	-2,03	-2,15	1,71	1,75	0,52	0,45
Communications	0,23	-0,09	-1,56	-1,77	1,68	1,78	0,37	0,39
Construction	-0,26	-0,52	-1,52	-1,16	2,15	2,65	0,36	0,38
Personal services	0,64	0,40	-3,62	-4,14	3,81	3,67	0,45	0,44
Other services	0,11	-0,15	-1,48	-1,87	1,74	1,89	0,29	0,34



## Annex IX Full lists of NTMs per sector

### 1.24 Aerospace

#### 1.24.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	US subsidies to Boeing (aeronautics)	Constant	Sector	Expert & survey
2	Restrictions on foreign launching services (space)	Increasing	Sector	Survey
3	US support to aircraft engine manufacturers (aeronautics)	Increasing	Sector	Expert & survey
4	Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme)	Increasing	Cross-cutting	Survey
5	International Traffic in Arms Regulations (ITAR) (space sector)	Increasing	Cross-cutting	Experts & Literature
6	Buy American Act	Increasing	Cross-cutting	Survey
7	US product standards which differ of the international standards	Constant	Cross-cutting	Survey
8	On-board equipment and instruments: Safety Standards for Flight Guidance Systems and Proposed Revisions to Advisory Circular 25-1329-1A, Automatic Pilot Systems Approval	Decreasing	Sector	Survey
9	Production and Airworthiness Approvals, Part Marking, and Miscellaneous Proposals		Sector	Survey
10	Airworthiness Standards; Aircraft Engine Standards, Overtorque limits		Sector	Survey
11	US legal liability philosophy	Decreasing	Cross-cutting	Survey
12	Single channel for imports		Cross-cutting	Survey
13	Pre-shipment inspections	Constant - Increasing	Cross-cutting	Survey
<b>Investment measures</b>				
1	Limits to investment due to national security and strategic considerations	Increasing	Sector	Survey

#### 1.24.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of Information
<b>Trade measures</b>				
1	Government support for Airbus	Constant	Sector	Expert & survey
2	Government support for Airbus Suppliers	Increasing	Sector	Expert & survey
3	Government support for Aircraft Engines	Constant	Sector	Expert & survey

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of Information
	producers			
4	Prior authorisation for sensitive product categories	Constant	Cross-cutting	Survey
5	Trade measures due to technical specifications	Constant	Cross-cutting	Survey
6	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Decreasing	Cross-cutting	Survey
7	EU Patent System	Constant	Cross-cutting	Survey
<b>Investment measures</b>				
1	Limits to investment due to national security and strategic considerations	Increasing	Sector	Survey



## 1.25 Automotives

### 1.25.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	US product standards (FMVSS) differ from the international standards (UNECE); for instance with regards to roof crush resistance and occupant protection in interior impact.	Constant	Sector specific	Expert & survey
2	Taxation of cars with high fuel consumption (CAFE = Corporate Average Fuel Economy)	Increasing	Sector specific	Expert & survey & literature
3	Gas Guzzler Tax	Increasing	Sector specific	Expert & survey & literature
4	American Automobile Labelling Act		Sector-specific	Survey & literature
5	Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme)	Constant	Cross-cutting	Survey
6	Different cetane levels in diesel fuel between EU and US – leading costs to tune engines to these different levels	Constant	Cross-cutting	Expert
7	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Decreasing	Cross-cutting	Survey
8	Reporting requirement on container transport: 10+2 regulation	Increasing	Cross-cutting	Expert
9	Buy American Act, which causes measures affecting access to the US government procurement markets	Increasing	Cross-cutting	Survey
10	US Intellectual property right system (with first to invent principle)	Constant	Cross-cutting	Survey
11	Protection of Stratospheric Ozone: Revision of Refrigerant Recovery and Recycling Equipment Standards	Increasing	Cross-cutting	Survey & literature
12	US patent legislation (detrimental situation due to Hilmer Doctrine for EU companies)	Constant	Cross-cutting	Survey
13	Requirements to Reduce Idling Emissions from New and In-Use Trucks, Beginning in 2008		Sector specific	Survey & literature
14	US state level safety certifications	Constant	Cross-cutting	Survey
15	Container Security Initiative, causing delays for all sea cargo	Constant	Cross-cutting	Survey
16	Threat of 100% container scanning	Increasing	Cross-cutting	Survey
<b>Investment measures</b>				

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
1	State level investment regulations on tax benefits and infra-structure that differ	Constant	Cross-cutting	Survey
2	US product standards (FMVSS) differ from the international standards (UNECE); for instance with regards to roof crush resistance and occupant protection in interior impact	Constant	Sector specific	Expert & Survey
3	Civil Penalties for violations of statutes and regulations NHTSA pertaining to motor vehicle safety, bumper standards, and consumer information.	Constant	Sector specific	Survey & literature

### 1.25.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	EU / international product standards (UNECE) differ from US standards (FMVSS).	Constant	Sector-specific	Expert & survey
2	Trade measures due to numerous technical specifications.	Increasing	Cross-cutting	Survey & literature
3	REACH regulation	Decreasing	Cross-cutting	Survey
4	Safety and health measures	Constant	Cross-cutting	Survey
5	Different cetane levels in diesel fuel between EU and US – leading to costs to tune engines to these different levels	Constant	Cross-cutting	Expert
6	Patent system	Constant	Cross-cutting	Survey
7	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Decreasing	Cross-cutting	Survey
8	Different enforcement of the unified EU customs system between EU Member States	Decreasing	Cross-cutting	Survey
9	WEEE Directive (2002/96/EC)		Cross-cutting	Survey
10	Varying tax-based regulations among EU Member States related to CO2 emissions		Cross-cutting	Survey
11	Transfer delays, slow custom procedures	Constant-Increasing	Cross-cutting	Survey
<b>Investment measures</b>				
1	EU / international product standards (UNECE) differ from US standards (FMVSS).	Decreasing	Sector	Expert & survey
2	Security related prohibitions on investments	Constant	Cross-cutting	Survey
3	EU member state level differences in investment regimes (e.g. infra-structure, taxes, training or R&D subsidizing)	Decreasing	Cross-cutting	Survey

## 1.26 Chemicals

### 1.26.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector/Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Classification and labelling requirements for chemical products	Constant – Decreasing in longer term (UN GHS)	Sector	Expert & survey
2	Threat of 100% container scanning	Increasing	Cross-cutting	Expert & survey
3	Restrictions on use of specific chemicals	Constant	Sector	Survey
4	Different state level chemical security regulations	Constant - Increasing	Sector	Survey
5	Different local governments (below state level) implementing chemical security regulations		Sector	
6	Evaluation and notification of new significant new uses	Increasing	Sector	Expert
7	Pesticide/biocide testing and evaluation for licensing	Increasing	Sector	Expert
8	Indirect effects from food safety legislation – packaging in contact with food	Increasing	Cross-cutting	Expert & survey
9	Imported pesticides/biocides must be notified to the EPA	Constant	Cross-cutting	Expert
10	Need to get a re-export license for products that contain US origin content and that have both commercial and military or proliferation applications	Increasing	Cross-cutting	Expert & survey
11	Restriction of imports from third countries on the grounds of national security	Decreasing	Cross-cutting	Expert
13	Internal taxes and charges levied on imports	Constant	Cross-cutting	Survey
14	US state level safety certifications	Constant	Cross-cutting	Expert & survey
15	Licenses for specific purchasers, use or export trade		Cross-cutting	Expert & survey
16	Buy American Act, which causes barriers to access the US government procurement markets	Constant	Cross-cutting	Survey
17	Prior authorization for sensitive product categories		Cross-cutting	Survey
18	Pre-shipment inspections	Constant	Cross-cutting	Survey
19	Container Security Initiative, causing delays for all sea cargo	Increasing	Cross-cutting	Survey
20	Double certification need caused by the EU Authorized Economic program and the US Customs	Constant	Cross-cutting	Expert & survey

Rank	NTM or diverging regulation	Trend	Sector/Cross-cutting	Sources of information
21	Customs valuation	Constant	Cross-cutting	Expert & survey
22	Metrology requirements	Constant	Cross-cutting	Survey
23	US Patent legislation (detrimental situation due to Hilmer Doctrine for EU companies)	Constant	Cross-cutting	Survey
<b>Investment measures</b>				
1	Discrimination of foreign companies in public procurement	Constant	Cross-cutting	Survey
2	Foreign Investment and National Security Act, which can create excess costs for FDI	Constant	Cross-cutting	Survey
3	Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme)	Constant	Cross-cutting	Survey
4	Tax Code Reporting Requirements applied to foreign owned companies	Constant	Cross-cutting	Survey
5	US Intellectual Property Right system (with first to invent principle)	Constant	Cross-cutting	Expert & survey
6	US Accounting Standards (affected by Sarbanes-Oxley Act)	Increasing	Cross-cutting	Survey
7	Restriction to enter the US Department of Defence procurement contracts due to the Berry amendment	Constant	Cross-cutting	Survey

### 1.26.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Divergence in risk assessment requirements between REACH and TSCA	Constant	Sector	Survey & expert
2	Classification of chemicals under the Dangerous Substances Directive	Decreasing	Sector	Expert
3	RoHS and restrictions on hazardous substances	Constant - increasing	Cross-cutting	Expert
4	Product Labelling requirements (including eco-labelling)	Constant	Sector	Expert & survey
5	Testing requirements / Risk assessment for plant protection and biocidal products	Constant	Cross-cutting	Survey & Expert
6	Double certification need caused by the European Union's Authorised Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Decrease	Cross-cutting	Survey
7	Different Member State legislation on chemicals security	Constant	Sector	Survey
8	Differences in enforcement of the unified EU	Constant	Cross-cutting	Survey

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
	customs system between EU Member States			
9	Pre-shipment inspections	Increasing	Cross-cutting	Survey
10	Regulations concerning terms of payments for imports	Constant	Cross-cutting	Survey
11	Restrictions on use of dangerous substances in consumer products (Dangerous Substances Directive, 76/769/EEC)		Cross-cutting	Survey & expert & literature
12	Transfer delays, slow custom procedures	Constant	Cross-cutting	Survey
14	Testing requirements on surfactants - biodegradability	Constant	Cross-cutting	Survey & expert
16	Registration requirements for biocidal products that contain active substances	Increase	Cross-cutting	Survey & expert & literature
18	Restrictions on the marketing and use of certain substances under the Limitations Directive		Sector	Survey
19	Registration requirement in REACH for monomers used abroad to create imported polymers	Increase - Decrease	Cross-cutting	Expert & survey & literature
<b>Investment measures</b>				
1	EU Intellectual property rights which are less broad than the US ones	Constant	Cross-cutting	Survey & literature
2	Testing requirements / Risk assessment for pesticides / biocidal products and pesticides	Constant	Cross-cutting	Survey
3	REACH risk assessment requirements which differ from those applied in US	Constant	Cross-cutting	Expert & survey
5	Candidate list of substances of very high concern in REACH	Increase	Cross-cutting	Expert & survey & literature
9	Minimum domestic input requirements		Cross-cutting	Survey

## 1.27 Cosmetics

### 1.27.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector/Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Restrictions on use of specific chemicals used in cosmetics	Constant – Increasing	Sector	Survey & expert
2	Classification and labelling requirements for chemical products	Constant – Decreasing (UN GHS)	Sector	Survey & expert & literature
3	US state level safety certifications	Constant	Cross-cutting	Survey
4	Threat of 100% container scanning	Increasing	Cross-cutting	Survey
5	Prior authorisation for sensitive product categories	Constant	Cross-cutting	Survey
6	Restrictions on formulation changes	Constant	Sector	Expert & literature
7	Labelling differences	Constant	Sector	Expert & Survey & literature
8	Competitiveness: restrictions on advertising	Constant	Sector	Survey & literature
9	Different Good Manufacturing Practices	Constant	Cross-cutting	Survey & literature
10	Double certification need because of EU Authorised Economic Operator programme and US Customs C-TPAT	Constant	Sector	Survey
11	US patent legislation (detrimental situation due to Hilmer Doctrine for EU companies)	Constant	Cross-cutting	Survey
<b>Investment measures</b>				
1	Discrimination of foreign companies in access to government support programmes	Decreasing	Cross-cutting	Survey
2	Discrimination foreign firms in public procurement	Constant	Cross-cutting	Survey
3	Foreign Investment and National Security Act, which can create excess costs for FDI	Constant	Cross-cutting	Survey
4	US Intellectual Property Right system (with first to invent principle)	Constant	Cross-cutting	Survey
5	US Accounting Standards (affected by SOX)	Increasing	Cross-cutting	Survey

### 1.27.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Animal testing: a ban on animal testing of cosmetic products and on products containing ingredients tested on animals	Increasing	Sector	Survey & expert & literature
2	Product notifications differ from Member State to Member State	Constant	Sector	Survey
3	Notification: Compulsory in EU, not in US	Constant	Sector	Expert & literature
4	Evaluation by SCCP	Increasing	Sector	Expert
5	Access to information – different requirement in	Increasing	Sector	Expert

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
	US			
6	Use of CMR substances	Constant	Sector	Expert & literature
7	Differing requirements for labelling products	Increasing	Sector	Expert & literature
8	US non-retail products exempt from certain labelling requirements but not in the EU	Constant	Sector	Expert
9	Different Good Manufacturing Practices	Constant	Cross-cutting	Survey & literature
<b>Investment measures</b>				
1	A ban on animal testing of cosmetic products and on products containing ingredients tested on animals	Increasing	Sector	Survey & literature
2	Product notifications differ from Member State to Member State.	Increasing	Cross-cutting	Survey & literature

## 1.28 Electronics

### 1.28.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	US product standards that differ from international standards	Constant	Sector	Expert & survey & literature
2	US state level safety certifications	Increasing	Sector	Expert & survey
3	3rd party testing for import products with EU declarations of conformity	Constant	Sector	Survey & literature
4	Non-transparency of standards	Increasing	Cross-cutting	Expert & survey & literature
5	Energy Conservation Program for Commercial and Industrial Equipment (EPCA)	Increasing	Sector	Expert & survey & literature
6	Safety of electrical and electronics products Non-harmonized standards – differences per State	Increasing	Sector	Expert & survey & literature
7	Standards developed by different bodies Occupational Safety and Health Administration (OSHA), and National Electric Code and Industry Safety Standards, e. g. Underwriter's Laboratories (UL)	Constant	Sector	Expert & survey & literature
8	Encryption Control Policy not in line with the Wassenaar arrangement (new US requirements on crypto functionality).	Constant	Sector	Expert & survey & literature
9	Customs valuation	Increasing	Cross-cutting	Survey
10	Conformity assessment procedures	Increasing	Cross-cutting	Survey & literature
11	Threat of 100% container scanning	Increasing	Cross-cutting	Expert & survey
<b>Investment measures</b>				
1	Nationality or residence requirements for staff	Increasing	Cross-cutting	Survey
2	US legal liability philosophy	Increasing	Cross-cutting	Survey
3	US IPR system (with first to invent principle)	Increasing	Cross-cutting	Survey
4	US government aid and subsidies (e.g. Advanced tech programme), accessible only for US companies	Constant	Cross-cutting	Survey

### 1.28.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Restriction on Hazardous Substances (RoHS) Directive	Constant	Sector specific	Expert & literature
2	WEEE	Decreasing	Sector specific	Expert & survey & literature
3	REACH regulation	Constant	Cross-cutting	Expert
4	Several directives for energy efficiency, e.g. Framework for Energy-using Products, Low Voltage Directive	Increasing	Sector specific	Expert & survey & literature
5	European standards in the field of	Decreasing	Sector specific	Expert & survey &



Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
	information technology and telecommunications			literature
5	Differences in testing standards and certification procedures	Decreasing	Sector-specific	Expert
6	Customs and border protection/controls	Decreasing	Cross-cutting	Survey & literature
7	European patent system	Constant	Cross-cutting	Survey & literature
8	Pre-shipment inspections	Increase	Cross-cutting	Survey
9	Transfer delays, slow custom procedures		Cross-cutting	Survey
<b>Investment measures</b>				
1	EU Data Protection Directive (1995/46)	Constant	Cross-cutting	Experts
2	European patent system	Constant	Cross-cutting	Survey & literature
3	Local licensing requirements	Constant	Sector	Survey
4	Requirement for professional qualifications for foreign firms	Decreasing	Cross-cutting	Survey
5	Reconcile EU financial statements with US acc standards (US GAAP)	Constant	Cross-cutting	Survey

## 1.29 Food & Beverages

### 1.29.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Direct and indirect government support by means of subsidies, protective legislation and tax policies to US farmers	Constant	Sector	Expert & survey & literature
2	Container Security Initiative, causing delays for all sea cargo	Constant	Cross-cutting	Survey
3	US product standards which differ from international standards	Constant	Cross-cutting	Expert & survey
4	Custom surcharges	Constant	Cross-cutting	Expert & survey
5	US prohibition to register/renew a trademark or a trade name which is identical or similar to a trademark or trade name used in connection with a confiscated business	Constant/ increasing	Sector	Expert & survey & literature
6	Threat of 100% container scanning	Constant	Cross-cutting	Survey
7	Double certification need caused by the European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Decreasing	Cross-cutting	Survey & literature
8	US Customs Refusal of "Made in EU"	Constant	Cross-cutting	Expert & survey & literature
9	Restriction of imports from third countries on the grounds of national security	Increasing	Cross-cutting	Survey & literature
10	US state-level safety certifications	Constant	Cross-cutting	Survey & literature
11	Registration of facilities that manufacture, process, pack or hold food for human or animal consumption in the US to the US Food and Drug Administration (FDA) due to the Bioterrorism act	Constant	Sector	Expert & survey & literature
12	Certification of agricultural products as organic	Constant	Sector	Expert & survey & literature
13	US restriction on imported materials that violate US Intellectual Property laws	Constant	Cross-cutting	Survey & literature
14	Grade A dairy safety Pasteurized Milk Ordinance (PMO) stipulates a number of rules and inspection requirements regarding various dairy products	Constant	Sector	Expert & literature
15	Specific meat regulations	Decreasing	Sector	Expert & literature

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
16	Bioterrorism Act	Constant	Cross-cutting	Expert & literature
17	Marine Mammal Protection Act which establishes import prohibition in the area of fisheries	Decreasing	Sector-specific	Expert & literature
18	Threat of mandatory dairy promotion and research assessment bill posing possible additional import tax on all imported dairy products	Constant	Sector-specific	Expert & literature
<b>Investment measures</b>				
1	Need to get a re-export license for products that contain content of US origin and that have both commercial and military or proliferation applications	Increasing	Cross-cutting	Survey
2	US Buy American Act	Constant	Cross-cutting	Survey & literature
3	High and different level of SPS measures	Increasing	Cross-cutting	Expert & survey & literature
4	State-level regulations that differ across states	Constant	Cross-cutting	Survey & literature

### 1.29.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	EU product standards (SPS) which differ (are more strict) from international standards	Constant	Cross-cutting	Expert & survey
2	Custom surcharges	Constant	Cross-cutting	Survey
3	EU labeling requirement laws	Increasing	Cross-cutting	Survey & literature
4	Double certification need caused by the European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)	Decreasing	Cross-cutting	Survey & literature
5	Direct and indirect government support by means of subsidies, protective legislation and tax policies to EU farmers	Constant	Sector	Survey
6	Traceability and labeling of biotechnology foods	Increasing	Sector	Expert & survey & literature
7	Maximum limits on mycotoxins for a variety of foodstuffs (including cereals, fruit and nuts)	Constant	Sector	Expert & literature
8	Requirements on US products to classify them as "organic"	Constant	Sector	Expert & literature

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
9	Regulation on animal by-products	Decreasing	Sector	Expert & literature
10	Restrictions on microbial-treatments for meat products		Sector	Expert
11	Obstacles in trade of vitamins and health food products	Constant	Sector	Expert & literature
12	EU ban on beef	Constant	Sector	Expert & literature
13	Protection of geographical indicators (GIs) of wine and spirits	Decreasing	Sector	Expert & literature
14	REACH regulations	Constant	Cross-cutting	Expert
<b>Investment measures</b>				
1	Different Member State- level regulations on some food products	Constant	Sector	Survey & literature
2	High and different level of SPS measures	Increasing	Cross-cutting	Expert & survey & literature
3	Long and difficult authorisation procedures	Constant	Sector	Survey

## 1.30 Office, Information and Communication Equipment

### 1.30.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector/Cross-cutting	Information sources
<b>Trade measures</b>				
1	US product standards which differ from the international standards	Constant	Sector	Expert & survey
2	US state-level safety and power supply certifications	Increasing	Sector	Survey
3	Third party testing for import products with EU declarations of conformity	Constant	Cross-cutting	Survey
4	Non-transparency of standards	Increasing	Cross-sector	Survey
5	Conformity assessment procedures	Increasing	Cross-sector	Survey
6	Threat of 100% container scanning	Increasing	Cross-sector	Survey
7	Energy efficiency programme for certain commercial and industrial equipment	Constant	Cross-cutting	Survey
8	US patent legislation	Constant	Cross-cutting	Survey
9	FCC technical specifications	Constant	Sector-specific	Expert
<b>Investment measures</b>				
1	Nationality or residence requirements for staff	Increasing	Cross-cutting	Survey
2	US legal liability philosophy	Increasing	Cross-cutting	Survey
3	US product standards which differ from the international standards	Increase	Cross-cutting	Expert & survey
4	Safety of electrical and electronics products, non-harmonised standards, different from state to state	Constant	Sector specific	Survey
5	US intellectual property rights system (with first to invent principle)	Increase	Cross-cutting	Survey & literature
6	Standards developed by different bodies Occupational Safety and Health Administration (OSHA), National Electric Code and Industry Safety Standards, e. g. Underwriter's Laboratories (UL)	Constant	Sector specific	Survey
7	Conformity assessment procedures	Increasing	Cross-cutting	Survey
8	Technology Innovation Program / Advanced Technology Program	Decreasing	Sector-specific	Expert & literature

### 1.30.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector/Cross-cutting	Information sources
<b>Trade measures</b>				
1	Waste electric and electronic equipment directive	Decreasing	Sector	Expert & survey
2	Other technical measures	Decreasing	Cross-cutting	Expert & survey & literature
3	Customs and border protection	Decreasing	Cross-cutting	Survey
4	European standards in the field of information technology and telecommunications	Decreasing	Sector	Expert & survey
5	European patent system	Constant	Cross-cutting	Survey & literature
6	Transfer delays, slow custom procedures	Increasing	Cross-cutting	Survey
7	Council Decision 93/465/EEC concerning the	Constant	Sector	Expert &

Rank	NTM or diverging regulation	Trend	Sector/Cross-cutting	Information sources
	modules for the various phases of the conformity assessment procedures			literature
8	EU Electromagnetic Compatibility requirements	Constant	Sector-specific	Expert & literature
<b>Investment measures</b>				
1	Waste electric and electronic equipment directive	Decreasing	Sector	Expert & survey
2	EU Member States to adopt DVB-H as the main technology for networks	Increasing	Sector	Expert
3	Other technical measures	Decreasing	Cross-cutting	Survey
4	European patent system	Constant	Cross-cutting	Survey & literature
5	Local licensing requirements	Constant	Sector	Survey & expert

## 1.31 Pharmaceuticals

### 1.31.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Restrictions or bans on use of specific chemicals	Constant – Increasing	Sector	Survey
2	Classification and labelling requirements for chemical products	Constant – Decreasing	Sector	Survey & expert
3	Threat of 100% container scanning	Increasing	Cross-cutting	Survey
4	FDA New Drug Approval Process	Increasing	Sector	Expert
5	Drug precursor legislation	Constant	Sector	Expert
6	Double certification need caused by the European Union Authorized Economic Operator programme and the US Customs CTPAT program	Constant	Sector	Survey & expert
7	US state level safety certifications	Constant- Increasing	Cross-cutting	Survey
8	Prior authorization for sensitive product categories	Increasing	Cross-cutting	Survey
9	Pre-shipment inspections	Increasing	Cross-cutting	Survey
11	Container Security Initiative, causing delays for all sea cargo	Increasing	Cross-cutting	Survey
12	Non recognition of “Made in EU”	Constant	Cross-cutting	Expert
13	High cost of acquiring Foreign Trade Zone status	Constant	Cross-cutting	Expert
14	US Patent legislation (detrimental situation due to Hilmer Doctrine for EU companies)	Constant	Cross-cutting	Survey
15	Need to get a re-export license for products that contain US origin content and that have both commercial and military or proliferation applications	Increasing	Cross-cutting	Expert
16	Future of agreements on parallel trade		Sector	Expert
17	Scientific advice and their acceptance		Sector	Expert
<b>Investment measures</b>				
1	Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme)	Decrease	Cross-cutting	Survey & expert
2	Restricted access for foreign companies in public procurement (especially due to BAA)	Constant	Cross-cutting	Survey & expert
3	Foreign Investment and National Security Act, which can create excess costs for FDI	Constant	Cross-cutting	Survey & expert
4	Long/difficult authorisation and registration procedures	Increase	Cross-cutting	Survey
5	US Intellectual Property Right system (with first to invent principle)	Constant	Cross-cutting	Expert
6	US Accounting Standards (Sarbanes-Oxley Act)	Increasing	Cross-cutting	Survey

### 1.31.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	EU pricing policy – member state differences	Increasing	Sector	Survey & expert
2	Health technology assessment differences	Increasing	Sector	Survey & expert
3	Different rules in various Member States concerning authorization of pharmaceuticals	Constant	Sector	Survey & expert
4	International reference pricing	Constant	Sector	Expert
5	Therapeutic reference pricing	Constant	Sector	Expert
6	Differences in the enforcement of the unified customs system across EU member states	Decreasing	Cross-cutting	Survey & expert
7	Parallel trade allowance	Constant- Decreasing	Sector	Survey & expert
8	Restrictions concerning information distribution to patients	Constant	Sector	Survey & expert
9	New EU Member States compliance with undisclosed data protection		Sector	Expert
10	Prohibitions (e.g. security, sensitive products, political reasons, etc.)	Constant	Cross-cutting	Survey
11	Transfer delays, slow custom procedures	Increasing	Cross-cutting	Survey
12	Double certification need caused by The European Union's AEO programme and the US C-TPAT	Decreasing	Cross-cutting	Survey
13	REACH regulations regarding pharmaceuticals (e.g. substances registration)	Constant	Cross-cutting	Survey & expert
<b>Investment measures</b>				
1	Export restraint arrangements	Increasing	Cross-cutting	Survey & experts
2	Different rules in different Member States concerning authorization of pharmaceuticals	Decreasing – Increasing	Sector specific	Expert
3	Prohibitions (e.g. security, sensitive products, political reasons, etc.)	Increasing	Cross-cutting	Survey



## 1.32 Communications Services

### 1.32.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	ATSC technology which is not compatible with DVB-T standards in EU	Constant	Sector	Expert & survey & literature
2	Licenses	Decreasing	Cross-cutting	Survey & literature
3	US standards differ from international standards	Constant	Cross-cutting	Survey
4	Monopoly of the USPS in the US market	Decreasing	Sector	Expert
5	Restricted access to high speed internet connections for foreign firms	Constant	Sector	
6	US Intellectual property right system (with first to invent principle)	Constant	Cross-cutting	Survey
7	Transfer delays, slow custom procedures (postal)	Constant	Cross-cutting	Survey
8	US Customs Refusal of "Made in EU"	Constant	Cross-cutting	Survey
9	Different standards for mobile communications	Decreasing	Sector specific	Survey & literature
10	Approval needed from the FCC	Constant	Sector-specific	Survey & literature
11	US patent legislation (detrimental situation due to Hilmer Doctrine for EU companies)	Constant	Cross-cutting	Survey
<b>Investment measures</b>				
1	Restrictions in the access to local finance	Constant	Cross-cutting	Survey
2	Discrimination of foreign companies in public procurement	Constant	Cross-cutting	Survey
3	Limits imposed by CIFIUS on the number/share of (foreign) firms	Constant	Cross-cutting	Expert & survey
4	Requirements regarding professional qualifications for foreign firms	Constant	Cross-cutting	Survey
5	Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme)	Constant	Cross-cutting	Survey
6	Tax Code Reporting Requirements applied to foreign owned corporations	Decreasing	Cross-cutting	Survey
7	Limitations on land ownership	Constant	Cross-cutting	Survey
8	Buy American Act, which causes barriers to access to the US government procurement markets	Increasing	Cross-cutting	Survey

### 1.32.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Delays in implementation of opening up telecom markets in EU in some member states	Decreasing	Sector	Expert & survey
2	ATSC technology which is not compatible with DVB-T standards in EU	Constant	Sector	Expert & survey & literature

3	National monopolies in the postal market	Decreasing	Sector	Expert & survey & literature
<b>Investment measures</b>				
1	Delays in implementing Utilities directive	Decreasing	Sector	Survey & literature
2	National monopolies in the postal markets in some EU member states	Decreasing	Sector	Expert & survey & literature
3	Takeover directive	Constant	Cross-cutting	Survey & literature
4	Use of defensive measures against hostile takeovers		Cross-cutting	Survey & literature
5	Specific EU member legislations and practices related to utilities investments	Decreasing	Sector	Survey

## 1.33 Financial Services

### 1.33.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Discriminatory taxation of European financial institutions that apply IFRS instead of US GAAP	Decreasing	Sector	Survey & literature
2	Section 319 of the PATRIOT Act that requires US correspondent banks to maintain certain records concerning foreign banks with a US correspondent account	Increasing	Sector	Survey & expert & literature
3	Tax Code Reporting Requirements applied to foreign-owned corporations	Constant	Sector	Survey & expert & literature
4	Registration requirements for foreign banks in the US providing global custody and related services directly to US investors	Increasing	Sector	Survey
5	Differences in the implementation of the Basle II framework for banks	Constant	Sector	Survey & expert & literature
6	Sarbanes Oxley Act	Constant	Cross-cutting	Expert
7	Lack of convergence in the regulation of financial services across US states	Increasing	Cross-cutting	Expert
<b>Investment measures</b>				
1	Duplicative consolidated supervision of EU Central Banks & FED	Constant	Sector	Survey & literature
2	Local licencing requirements	Constant	Sector	Survey
3	Absence of convergence regulations in reporting standards	Decreasing	Cross-cutting	Survey & expert & literature
4	Requirement for professional qualifications for foreign firms	Decreasing	Cross-cutting	Survey

### 1.33.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	US and other investment firms from non-EU countries may operate with authorisation from Italy's securities market regulator, CONSOB, only.	Constant	Sector	Survey & literature
2	EU intellectual property rights which are less broad than the US ones	Constant	Cross-cutting	Survey
3	Different regulatory requirements and local licencing requirements	Decreasing	Cross-cutting	Survey & expert & literature
4	Auditor oversight and lack of cooperation between EU and US financial regulators	Decreasing	Sector	Survey & literature

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
5	National treatment may be applied to non-EC branches of Foreign Credit Institutions (FCIs) on the basis of reciprocity.	Constant	Cross-cutting	Survey & expert & literature
6	Differences in the implementation of the Basle II framework for banks	Constant	Cross-cutting	Survey & expert & literature
7	Absence of convergence between EU Member States	Constant	Cross-cutting	Expert
<b>Investment measures</b>				
1	Individual Member State authorisation and regulation applied to direct branches of non-EU financial service institutions	Constant	Sector-specific	Survey
2	Government procurement only open to national companies	Decreasing	Cross-cutting	Survey

## 1.34 Insurance services

### 1.34.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Collateral requirements (or especially US reinsurance services)	Increasing	Sector	Survey & Expert & literature
2	Lack of federal legislation and differences in state legislation	Constant	Sector	Survey & Expert & literature
3	Federal excise tax for insurers (cascading tax)	Increasing	Sector	Expert
<b>Investment measures</b>				
1	Diverging state-level regulations	Increasing	Sector	Survey & Expert
2	No operating licenses for government controlled insurance companies	Constant	Sector	Survey & Expert

### 1.34.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Solvency II regulations – equivalence determination and group-wide supervision	Increasing	Sector	Survey & literature
2	Other licenses	Constant	Cross-cutting	Survey
3	Lack of convergence in insurance and reinsurance regulation in the EU	Constant	Sector	Survey & Expert & literature
4	Compulsory national services	Decrease	Cross-cutting	Survey
5	Regulatory capital requirements in reinsurance	Increasing	Sector	Expert
<b>Investment measures</b>				
1	“Reciprocal” national treatment clauses in EU banking, insurance and investment services directives	Decreasing	Sector	Survey & Expert & literature
2	The proposed EC legislation known as Solvency II	Increasing	Cross-cutting	Survey & literature
3	Requirements regarding professional qualifications for foreign firms	Decreasing	Cross-cutting	Survey

## 1.35 Transportation Services

### 1.35.1 Most important EU to US trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector specific or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Foreign ownership restrictions	Constant	Cross-cutting	Expert & survey & literature
2	Fly American Act which demands that all federal government-funded flights are provided by US-flag air carriers	Constant	Sector	Expert & survey
3	Requirement for all items procured for or owned by the military departments be carried exclusively on US-flag vessels	Constant	Sector	Survey & literature
4	Proposal of 100% container scanning	Increasing	Cross-cutting	Expert & survey & literature
5	Environmental regulations e.g. Clean Air Act	Increasing	Sector	Expert
6	Requirement for at least 50% of all US government-generated cargoes to be transported on US-flagged vessels	Constant	Sector	Expert & survey & literature
7	Security data collection (e.g. fingerprints)	Constant	Sector	Survey
8	Requirement for 100% of any cargoes generated by US Government loans (i.e. commodities financed by Export-Import Bank loans) to be carried on US flag vessels	Constant	Sector	Expert & survey & literature
9	Congestion pricing / slots management at US airports	Constant	Sector	Survey
10	Federal Aviation Administration that prevents any lease of non-US registered aircraft by US carriers concerning wet leasing.	Decreasing	Sector	Survey & literature
11	Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the U.S. Customs	Decreasing	Cross-cutting	Expert & survey
12	New visa waiver programme ESTA (Electronic System for Travel Authentication)	Increasing	Sector specific	Survey
<b>Investment barriers</b>				
1	Foreign ownership restrictions	Constant	Cross-cutting	Expert & survey & literature
2	Restrictions on the use of foreign temporary workers	Constant	Cross-cutting	Survey
3	Requirement for US airlines to be under the majority control of US citizens in order to be licensed for operation.	Decreasing	Sector	Survey & literature
4	Lack of unified state level investment legislation across the US	Constant	Cross-cutting	Survey

### 1.35.2 Most important US to EU trade and investment NTMs

Rank	NTM or diverging regulation	Trend	Sector or Cross-cutting	Sources of information
<b>Trade measures</b>				
1	Restrictions on foreign ownership and control	Constant	Cross-cutting	Expert & survey & literature
2	Double certification need caused by the European Union's Authorized Economic Operator (AEO) program and the U.S. Customs	Constant	Cross-cutting	Survey
3	Differences in privacy laws vs. security considerations	Increasing	Cross-cutting	Survey
4	Introduction of ETS (future)	Increasing	Cross-cutting	Expert & survey
5	Operating restrictions at airports (access to customs, flying times etc)	Constant	Sector	Expert & survey
6	Technical EU regulations (e.g. product characteristics requirements, labelling requirements, testing requirements, etc.)	Constant	Cross-cutting	Survey & literature
7	Differences in the enforcement of the unified customs system across EU member states	Decreasing	Cross-cutting	Survey
<b>Investment measures</b>				
1	Restrictions on the use of foreign temporary workers	Constant	Cross-cutting	Survey & literature
2	Lack of unified investment legislation across EU member states (This does not apply to Air transportation services)	Decreasing	Cross-cutting	Survey
3	Airline investments limited due to strategic & security concerns in the EU	Constant	Sector	Survey





# Annex X Cross-cutting Issues

## X.1 Sources

The main three sources for the identification of the cross-cutting issues are the literature review, business survey and interviews with business associations and industry federations.<sup>23</sup> Each of the cross-cutting issues we check at sector level. For each sector, we check three core elements and present these, if the information is available:

1. Whether they are present in a specific sector (Column with 'X') – an 'X' signifies that for the specific sector this cross-cutting issue is relevant;
2. What within-sector relative priority this issue has (Column with 'Pr' of 'Priority') – 'H' (high) means it has a high relative priority (compared to the sector-specific barriers), 'M' (medium) means it has medium relative priority and 'L' (low) means it has a low relative priority compared to the sector-specific issues;
3. What the trend of this issue is for this sector (Column 'Tr' of 'Trend') – 'I' (increasing) signifies the NTM is increasing or regulatory divergence is increasing, while 'C' (constant) means it is constant and 'D' (decreasing) shows the NTM is decreasing or regulation is converging.

In this manner we get a clear picture of the true cross-cutting issues, their relative importance (with variation across sectors, i.e. for some sectors the cross-cutting issue is relatively more important than for others) and a historical as well as forward-looking element at issue-level (i.e. is this a cross-cutting issue of concern for the future (increasing) or is it for example being addressed in the regulatory and policy process through mutual recognition or harmonisation (decreasing)?).

## X.2 Cross-cutting issues stemming from the literature review

From the literature review, carried out by the sector experts, a long list of cross-cutting issues can be identified. In the tables below we present the stylized overview of barriers and regulatory divergences found in the literature survey that apply across sectors – the first Table for services sectors (9) the second Table for goods sectors (14).

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<sup>23</sup> Our overall study analysis will be based on a grouping of all three of these methods. The complementarity and difference in these sources allows us to present a varied and more inclusive picture of the cross-cutting issues.

### X.3 Cross-cutting issues stemming from the business survey

In the tables below, we present the overview of cross-cutting issues that come from the business survey, first for the nine service sectors, then for the fourteen goods sectors. In this manner we show in a clear way the barriers and regulatory divergences that EU and US businesses perceive as important across different sectors.





Table X.0.1 Results of literature overview and business survey on cross-cutting issues influencing EU-US trade and investment for services sectors

Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services					
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr			
<b>For the EU to the US</b>																														
Security controls passengers / cargo (threat of 100% container scanning)	X	H	I	X	H	I																X	M	I	X	M	I	X	L	I
IPR, (section 337 of the Tariff Act and first to invent principle), US patent legislation (Hilmer Doctrine)										X	H					X												X	M	D
FCC application of DISCO II public fw										X						X														
Tax Code Requirements (Patriot Act)							X			X			X															X		
Restricted public procurement (eg Berry)				X						X	M	I	X			X			X	H	C	X								
The Sarbanes Oxley Act							X			X			X																	

Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services					
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr			
Buy American Act (BAA)				X		C				X	M	C				X			X	M	I									
Legal Liability										X		C																		
Foreign Direct Investment and National Security Act (FINSAs) / Restriction of imports from third countries on the grounds of national security										X		I							X											
Lack of broadcasting or public performance rights in the US																												X	H	C
Copyright legislation										X		C																X	M	C
Remedies for US patent holders to have foreign products removed from market																												X	M	C

Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services					
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr			
Foreign ownership restrictions				X		C										X														
Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs				X		C																								
Technical regulations				X		C																								
Restrictions on the use of foreign temporary workers				X																										
Reconcile EU financial statements with US acc standards (US GAAP)							X																							
Absence of convergence regulations in reporting standards							X		C																					

Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services					
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr			
Requirement for professional qualifications for foreign firms							X		D							X														
Visa non-reciprocity regime										X		D																		
US government programs offering aid and subsidies										X		I				X		C												
Collateral requirements													X		I															
Other licenses																X		D												
Different product standards																X														
Transfer delays, slow custom procedures																x														
US Customs Refusal of "Made in EU"																X														
Restrictions in the access to local finance																X		C												



Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services		
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr
Limits to the number/share of (foreign) firms																X		C									
Differences in commercial practices																											
<b>For the US to the EU</b>																											
Delays implanting Utilities Directive 2006				X									X			X											
Patent filling cost							X	M		X		D															
Intellectual Property Rights (EU IPR are less broad than in the US)	X	L					X		C	X			X												X	M	D
Takeover directive										X						X											
Lack of single European Policy																			X								
Restrictions on foreign ownership and control				X		C																					

Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services					
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr			
Regulatory differences							X																							
National treatment may be applied to non-EC subsidiaries and branches of Foreign Credit Institutions (FCIs) on the basis of reciprocity.							X		C				X		D															
Differences in the implementation of the Basle II framework for banks							X		C																					
Government procurement only open to national companies							X																							
Other licenses													X		C															
Compulsory national services													X		D															

Cross-cutting issues services sectors	Travel services			Transport services			Financial services			Computer & IT services			Insurance services			Comm services			Construction services			Other bus's services			Pers, cult & recr services					
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr			
Multiple exchange rates													X		D															
The proposed EC legislation known as Solvency II													X		I															
Requirements regarding professional qualifications for foreign firms													X		D															
Restrictions on multi-disciplinary activities																			X		I									
Monopolies and other quantitative restrictions																			X		C									

Table X.0.2 Results of literature overview and business survey on cross-cutting issues influencing EU-US trade and investment for goods sectors – part I

Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
<b>For the EU to the US</b>																						
Different legislation on classification and labeling	X	M	D				X			X												
IPR, Section 337 of the Tariff Act	X			X		C				X		C	X		C	X	H	I				
Different requirements and assessment of Good Manufacturing Practices							X															
Container Security Initiative (CSI), causing delays for all sea cargo	X	M	I										X	M	I	X		I				
More diverse activities in standardization and certification in the US	X															X		D				
Energy conservation and savings programme													X			X	M					
Environmental regulations													X		D				X			I
Strategic goods restriction																						
The Buy American Act (BAA)	X		D										X		C							
US Patent System	X												X	M	C							
Tax Code reporting requirements applied to foreign owned companies	X																					
Security Programs, e.g. Restriction of imports from third countries on the grounds of national security	X		D		X								X			X						
Technical standards													X	M		X	M		X	L		

Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Need to get a re-export license for products that contain US origin content and that have both commercial and military or proliferation applications	X		I										X		C							
Food safety legislation – packaging in contact with food	X		I																			
Internal taxes and charges levied on imports	X		C																			
Licenses for specific purchasers, use or export trade	X																					
Threat of 100% container scanning	X		I										X		I	X			I			
Prior authorization for sensitive product categories	X																					
Pre-shipment inspections	X																					
Customs valuation	X															X			I			
Discrimination of foreign companies in access to government support programmes	X		D																			
Discrimination of foreign companies in public procurement	X																					
Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme and previous	X									X		D	X		C	X						

Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Advanced Technology Programme)																						
Long/difficult authorisation and registration procedures	X									X		I										
US Accounting Standards (affected by Sarbanes-Oxley Act)	X																					
Restriction to enter the US Department of Defense procurement contracts due to the Berry amendment	X																					
Foreign Investment and National Security Act, which can create excess costs for FDI	X																					
Multiple exchange rates										X		D										
Registration backlog										X		I										
Other licenses										X		C										
Regulations concerning terms of payments for imports										X		C										
US product standards which differ of the international standards													X		I							
Additional taxes and charges													X		C							
Nationality or residence requirements for staff													X		C							
US legal liability philosophy													X		C	X		I				
Non-transparency of standards																X		I				
Divergence of European standards from																X		I				

Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
the international ones																						
Conformity assessment procedures																X		I				
US state level safety certifications																						
Restrictive official foreign exchange allocation																						
Single channel for imports																						
Custom Surcharges																X		I				
Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)																						
US Customs Refusal of "Made in EU"																						
Quotas																						
Clearance formalities and delays																						
Requirement of extensive technical details on customs																						
Transfer delays, slow custom procedures																						
Price control measures																						
Advance payment requirements																						
<b>For the US to the EU</b>																						
European legislation on classification and labeling: Requirement to use only	X	M	D						X	M	I		X		I							

Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
metric-system in labels, packaging, advertising, catalogs, technical manuals, and user instructions.																						
European legislation on the harmonisation of laws, regulations and administrative provisions – laboratories	X	M																				
Legislation on the transboundary movement of hazardous waste	X	H	I																X	M		
Different requirements and assessment of Good Manufacturing Practices				X	M		X															
No transit period to register inputs (REACH regulations)							X															
REACH	X	H	C	X		C	X		C							X						
Borderline legislation (MPD, BPD)	X	L		X	M		X	M								X		C				
Container Security Initiative (CSI)	X						X						X		I	X		I				
European Patent system				X			X			X	M		X	M		X		C	X			
European takeover directive																						
Environmental regulations													X	M	I	X	H	I	X			I
Strategic goods restriction																						
EU Intellectual property rights which are less broad than the US ones	X	M		X						X	H	I										
Security programs																						
Technical standards							X	M					X	M		X	M	I	X	L		
Double certification need caused by	X		D	X		I							X		I							



Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)																						
Differences in the enforcement of harmonized EU Customs legislation between EU Member States	X		D	X		D																
Internal taxes and charges levied on imports	X																					
Transfer delays, slow custom procedures	X			X		I																
Compulsory national services	X																					
Long/difficult authorisation and registration procedures	X																					
Restrictions on the use of foreign temporary workers	X																					
Prohibitions (e.g. security, sensitive products, political reasons, etc.)				X		I																
No mandatory restriction for defensive measures to prevent hostile takeovers				X																		
Export restraint arrangements				X		I							X									
Product notifications differ from Member State to Member State.							X		I													

Cross-cutting issues goods sectors	Chemicals			Pharmaceu-ticals			Cosmetics			Biotechnology			Machinery			Electronics			Office, info & comm eq.		
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr
Customs and Border Protection													X		I	X		D			
Additional taxes and charges (e.g. import license													X		I						
Custom Valuation													X		I						
Pre-shipment inspections													X			X		I			
Transfer delays, slow custom procedures													X			X					
Rules of origin													X								
Trade barriers due to numerous technical specifications																					
Safety and health measures																					
Temporary increased duties																					
State aid, including subsidies and tax benefits																					
Prior authorisation for sensitive product categories.																					

Table X.0.3 Results of literature overview and business survey on cross-cutting issues influencing EU-US trade and investment for goods sectors – part II

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod		
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr
<b>For the EU to the US</b>																					

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod		
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr
Different legislation on classification and labeling				X									X			X	M				
IPR, Section 337 of the Tariff Act	X			X						X	L					X	H				
Different requirements and assessment of Good Manufacturing Practices																					
Container Security Initiative (CSI) , causing delays for all sea cargo				X	M	I				X	M	C				X	L	I	X		I
More diverse activities in standardization and certification in the US																					
Energy conservation/savings program																				X	
Environmental regulations	X		I	X															X	M	
Strategic goods restriction	X		D																		
The Buy American Act (BAA)				X			X	H	I				X								
US Patent System	X			X			X	H	I												
Tax Code reporting requirements applied to foreign owned companies													X						X	L	
Security Programs, e.g. Restriction of imports from third countries on the grounds of national security										X		I	X						X	L	
Technical standards				X	M		X	M								X	M				
Need to get a re-export license for products that contain US origin content and that have both commercial and military or proliferation applications										X		I									

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Food safety legislation – packaging in contact with food																						
Internal taxes and charges levied on imports																						
US state level safety certifications																						
Licenses for specific purchasers, use or export trade																						
Threat of 100% container scanning				X			X		D	X		C	X		I				X			I
Prior authorization for sensitive product categories																						
Pre-shipment inspections							X															
Customs valuation													X		C	X		I				
Discrimination of foreign companies in access to government support programmes																						
Discrimination of foreign companies in public procurement																						
Very limited access of foreign companies to US government support programmes (e.g. Technology Innovation Programme and previous Advanced Technology Programme)				X		C	X															
Long/difficult authorisation and registration procedures																						
US Accounting Standards (affected by Sarbanes-Oxley Act)																						
Restriction to enter the US Department of																						

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Defense procurement contracts due to the Berry amendment																						
Foreign Investment and National Security Act, which can create excess costs for FDI																						
Multiple exchange rates	X		D										X		I				X		I	
Registration backlog																						
Other licenses																			X		I	
Regulations concerning terms of payments for imports																			X		I	
US product standards which differ of the international standards				X		C	X		I	X		C										
Additional taxes and charges	X									X			X						X			
Nationality or residence requirements for staff																						
US legal liability philosophy							X		D													
Non-transparency of standards																						
Divergence of European standards from the international ones																						
Conformity assessment procedures																						
US state level safety certifications				X		C				X												
Restrictive official foreign exchange allocation							X		D													
Single channel for imports							X															
Custom Surcharges										X			X						X			

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)										X		C-D										
US Customs Refusal of "Made in EU"										X		C										
Quotas																						
Clearance formalities and delays																X			C			
Requirement of extensive technical details on customs																X			C			
Transfer delays, slow custom procedures													X			X				X		
Price control measures																X						
Advance payment requirements																				X		I
<b>For the US to the EU</b>																						
European legislation on classification and labeling													X			X	M			X	L	
European legislation on the harmonisation of laws, regulations and administrative provisions													X	M								
Legislation on the transboundary movement of hazardous waste (Prior Informed Consent Regulation 304/2003 and Council Decision 93/98/EEC)																						
Different requirements and assessment of																						

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Good Manufacturing Practices																						
No transit period to register inputs (REACH regulations)																						
REACH	X															X	M					
Borderline legislation (MPD, BPD)																						
Container Security Initiative (CSI)										X												
Energy conservation/ savings program																				X		
European Patent system				X			X	M														
European takeover directive				X																		
Environmental regulations	X		I	X	M											X	M		X			
Strategic goods restriction	X		D																			
Intellectual Property Rights, EU Intellectual property rights which are less broad than the US ones	X									X	L											
Security programs													X									
Technical standards				X	M		X	H								X			X	L		
Double certification need caused by The European Union's Authorized Economic Operator (AEO) program and the US Customs-Trade Partnership against Terrorism (C-TPAT)			X				X															
Differences in the enforcement of harmonized EU Customs legislation between EU Member States			X																			

Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Internal taxes and charges levied on imports																						
Transfer delays, slow custom procedures																						
Compulsory national services																						
Long/difficult authorisation and registration procedures																						
Restrictions on the use of foreign temporary workers																						
Prohibitions (e.g. security, sensitive products, political reasons, etc.)																						
No mandatory restriction for defensive measures to prevent hostile takeovers																						
Export restraint arrangements																						
Product notifications differ from Member State to Member State.																						
Customs and Border Protection																						
Requirement to use only metric-system in labels, packaging, advertising, catalogs, technical manuals, and user instructions.																						
Additional taxes and charges (e.g. import license																						
Custom Valuation																						
Pre-shipment inspections																						
Transfer delays, slow custom procedures				X																		



Cross-cutting issues goods sectors	Med, meas, test appl			Automotive industry			Aerospace & space			Food and beverages			Iron, steel & metals			Textile, cloth & footwear			Wood, paper & paper prod			
	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	X	Pr	Tr	
Rules of origin																						
Trade barriers due to numerous technical specifications				X		I	X															
Safety and health measures				X		C																
Temporary increased duties				X		I																
State aid, including subsidies and tax benefits				X																		
Prior authorisation for sensitive product categories.							X															