



TABC Energy and Climate Recommendations for T-TIP

The Importance of Energy in Transatlantic Trade

Energy is the cornerstone of economic activity on both sides of the Atlantic. In addition to the significant value created by companies directly involved in the production and marketing of energy goods and services, the provision of secure, affordable and sustainable energy underpins the competitiveness of industry and the welfare of citizens. By addressing existing trade restrictions and issues of compatibility in standards and regulatory regimes in the energy and environment sector, T-TIP offers opportunities for greatly increased bilateral trade, as well as the potential for an enhanced competitive platform from which industries from the U.S. and the EU might better compete on a global stage.

While energy is a fundamental component of transatlantic trade, the Trans-Atlantic Business Council (TABC) does not see the need for a dedicated chapter on energy in the T-TIP; instead, it believes that energy-related WTO and market access principles (such as non-discrimination, lowering and eliminating tariffs, removing non-tariff barriers, including technical barriers to trade such as standards or conformity assessment programs, transparency, among others) can be sufficiently covered in chapters intended to apply horizontally across all sectors.

Liberalization and Non-Discrimination in the Trade of Energy Goods

As regions that rely on the net importation of hydrocarbons, the United States and Europe depend for their energy security on the free flow of energy in global markets.

- U.S. and EU negotiators on the T-TIP should ensure that the agreement addresses the removal of export restrictions on all energy sources, including crude oil, natural gas, finished oil products and feed stocks. Liberalization of energy trade through the T-TIP will avoid distortions and dislocations in energy markets and will bring net welfare benefits to businesses and consumers on both sides of the Atlantic. It will also strengthen the authority of the U.S. and the EU as they continue to advocate for the removal of export restrictions on the part of energy providers in third countries.
- Informed by the same principle of market-based allocation of resources, T-TIP negotiators should advocate for the removal of internal regional and national barriers with respect to energy trade, including the transportation of crude oil, natural gas, and other energy goods.
- To ensure non-discrimination in the trade of energy goods, the agreement should also reject the differentiation between different kinds of fuels based on arbitrary taxonomy such as that proposed by the EU Fuel Quality Directive, and more generally any measure having an extraterritorial anti-trade effect.

Compatibility of Standards and Regulations

Recognizing the different operating and environmental conditions inherent in the two geographic regions and the impracticality of a “one size fits all” regulatory approach, the agreement should nevertheless promote, to the extent possible, compatibility between the EU and the U.S. in the areas of energy and environment-related standards and regulations to increase overall welfare in the transatlantic market and to enhance the competitiveness of European and American companies doing business globally.

- With regard to energy efficiency, the agreement should seek to ensure, to the extent possible, compatibility between U.S. and EU standards and metrics. Specifically, the agreement should seek to achieve alignment of energy efficiency objectives, compatibility between energy efficiency measurement approaches, alignment of energy labelling measurement methods for appliances and accounting treatment for energy efficiency investments.
- With regard to greenhouse gas emissions, the agreement should promote, to the extent possible, linkages and compatibility between disparate carbon policy approaches and carbon accounting systems.