

U.S., EU mull free trade talks, sign secure trade pact

By [Doug Palmer](#)

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(Reuters) - The United States and European Union agreed Tuesday to reduce red tape related to cargo security and pledged to work toward tearing down tariffs and regulatory barriers between the world's largest trading partners.

"The leaders have asked to look at all aspects of our relationship and see what we can do to strengthen our economic ties and support good jobs and growth on both sides of the Atlantic," White House international economics adviser Michael Froman told reporters at the end of the annual U.S.-EU Transatlantic Economic Council (TEC).

Those options range from simply expanding the TEC into new areas to negotiating a full-fledged free trade agreement, Froman said at the joint news conference with European Union Trade Commissioner Karel De Gucht.

"Everything is on the table, from tariffs to non-tariff barriers to enhanced regulatory cooperation," Froman said.

De Gucht will co-chair the high-level working group announced Monday to examine where the two sides can tear down barriers to promote more trade.

U.S. Trade Representative Ron Kirk will lead the effort for the United States.

The initiative comes as economic growth remains weak on both sides of the Atlantic and the prolonged European debt crisis is raising fears of another recession.

The United States and the 27 nations of the EU already have highly integrated economies, with two-way trade topping \$500 billion a year. But a number of business groups have urged the transatlantic partners to build on those close ties.

Washington and Brussels have steered away from free trade talks in past, partly because of concern about taking energy from the Doha round of world trade talks and the difficulty of tackling agricultural issues on both sides.

In a separate interview, De Gucht said the new initiative could include agreements to eliminate tariffs on manufactured and agricultural goods and to free up services trade.

"What I think we should try to do is put together a cocktail of measures that have a high probability" of achieving success, De Gucht said.

The two sides need to work quickly because an interim report is due in June, before the final set of recommendations goes to leaders late next year, he added.

"We'll look into everything and see where we can deliver," De Gucht said.

SECURE TRADE PROGRAM

At the TEC meeting, the two sides agreed on a number of initiatives to facilitate trade and investments.

One accord would recognize U.S. and EU "secure traders" programs as equivalent, which would allow trade to flow more smoothly without jeopardizing security.

"In recognizing each other's safe traders, we are enabling them to enjoy lower costs and simpler procedures at customs, as well as greater predictability and fewer delays," said EU Taxation and Customs Commissioner Algirdas Semeta.

The plan is expected to help Homeland Security Janet Napolitano make the case to Congress for delaying implementation of a law requiring all seaborne containers headed to the United States to be scanned for security threats beginning in mid-2012.

The EU and other trading partners have complained that the U.S. law is costly and inefficient and contend there are better ways to achieve the same objective.

In other areas, the United States and EU agreed on a work plan to develop "coherent and compatible" for electric vehicles and so-called smart grids, which are designed to distribute electricity more efficiently.

The two sides also agreed to develop shared principles to govern international investment, in the hopes of setting an example for other countries whose investment rules are not as open as the United States or the EU, officials said.

A separate forum, known as the U.S.-EU Energy Council, agreed to continue talks on global natural gas markets, including the role of

shale gas, to try to develop a common approach to regulation.

The two sides also said they would continue to work together to promote the highest levels of safety and security for nuclear power and the offshore exploration and production of oil and natural gas.