

“Creating the World’s Most Valuable Free Trade Area? The Promise and Potential Pitfalls of the Transatlantic Trade and Investment Partnership”

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On September 12, 2013, Georgia Tech’s Center for European and Transatlantic Studies (CETS) hosted a presentation and panel discussion of the Transatlantic Trade and Investment Partnership (TTIP). Dr. Alasdair Young gave a presentation on the potential benefits and obstacles of TTIP. The consuls general of France, Denis Barbet; Germany, Christoph Sander; and the United Kingdom, Jeremy Pilmore-Bedford, followed with a panel discussion.

Dr. Young discussed the background trade situation, the goals, the estimated impact, the unique character of the negotiations, and the challenges of TTIP. The US and the EU are the two largest economies in the world, and have the most valuable and interconnected economic relationship. The goals of TTIP are ambitious: the elimination of almost all tariffs, the mitigation of regulatory differences, an increased access to government procurement, and further liberalization of FDI. TTIP would mark the first such extensive, ambitious agreement between roughly equal trading partners. It would increase both partners’ GDP and transatlantic trade.

Dr. Young characterized the TTIP negotiations as a “new kind of politics,” highlighting the interpenetration of the two economies. As a result, TTIP has a lower likelihood of a negative effect on workers than previous trade deals. Furthermore, most gains from TTIP will come from domestic changes, e.g. regulatory reform. Dr. Young argued that regulatory cooperation is pursued “with one eye on the rest;” by agreeing common rules, the US and the EU would set global standards. TTIP would also increase the global competitiveness of European and US firms.



L-r: Prof. Young; French CG Barbet; German CG Sander; and British CG Pilmore-Bedford

TTIP presents many challenges, however, including how to align regulations, avoid future trade barriers, engage and commit U.S. state and EU member-state governments, and reduce tariff peaks. Regulatory alignment requires at least one partner to change its regulatory environment, which imposes costs and is therefore politically difficult. For this reason there is much emphasis establishing the equivalence of the two parties’ rules, which would liberalize trade without requiring either to change its regulations. In the US even establishing requirements may require changes regulatory bodies’ Congressional mandates. However, there are examples of successful regulatory transatlantic cooperation, such as the 2011 agreement between the FAA and European Aviation Safety Authority. TTIP negotiators must also keep the future in mind and find ways to avoid future trade barriers. There is a proposal for a “living arrangement” to address this. Sub-federal governments are also an obstacle, especially with government procurement. Many US states have procurement legislation that conflicts with TTIP’s goals. Finally, there is the issue of peak tariffs, for example on transportation and dairy products. Dr. Young concluded by

arguing that the interpenetration of the economies will lower the costs of trade liberalization. Despite this, he expects that negotiations will not be concluded by 2014 and that an agreement is likely to be less ambitious rather than more.

In the panel discussion, each consul general emphasized the already-strong EU-US relationship. Consul General Barbet highlighted the need to respect cultural differences, and France's opposition to audio-visual liberalization. Consul General Sander discussed German investment in Georgia and the Southeast. Much of this investment is in the auto industry, a sector that stands to benefit particularly from TTIP. Consul General Pilmore-Bedford stressed that government procurement is a penalty on taxpayers, who would benefit from international competition. After a wide-ranging Q & A with the audience, moderator and CETS co-director Dr. Vicki Birchfield concluded the program inviting further discussion during the reception and at upcoming TTIP events planned by the Sam Nunn School of International Affairs and CETS.