

The Trans-Pacific Partnership: New Rules for a New Era



Transatlantic Trade and Investment Partnership

The Big Deal

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Transatlantic Trade and Investment Partnership

The mother of all trade agreements

- TTIP – from Alaska to Athens: Biggest trade deal in history
- Far larger than NAFTA
- Half the world's economic output
- Aspiring to reduce tariff and non-tariff barriers (NTBs)
 - aspiring to harmonize regulations on both sides of the Atlantic
- Goal: Creating a single set of standards for a marketplace covering half the world's GDP
- President Obama “We have a profound stake in each other's success. We agreed that there is more work to do. Not only do we need to grow but we also need to reform our economies structurally.”
Berlin, 19 June 2013.

US-EU Trade Relations in Numbers

- Goods and services worth \$2.7 billion/€2.0 billion are traded bilaterally
- The United States and the EU have directly invested more than \$3.7 trillion/€ 2.8 trillion on both sides of the Atlantic
- Total US investment in the EU is three times higher than in all of Asia
- EU investment in the US is around eight times the amount of EU investment in India and China together

TTIP ...

- An additional 0.5 percent of EU GDP and would create 2 million new jobs
- EU's economy could benefit by €119 billion a year
- US economy could gain an extra €95 billion a year
- Britain: a 10% boost to economic output per head and 400,000 jobs in the long-term

TTIP – Reducing Non-Tariff Barriers

- The average tariff rate in transatlantic trade amounts to about 3.5%
 - Reduce to zero (?)
- Tariff reduction = negligible impact on US-EU trade
- Deeper trade liberalisation – more complex assessment
- Reduction of **non-tariff barriers (NTBs)** releases real resources
 - The cost of complying with multiple sets of regulation
- Mutual **standards recognition** (car safety regulatory schemes)
- **Liberalising services** (airline industry)
- **Procurement**
- Reduction in NTBs/**comprehensive deal** = growth in 90% range
- Rebalancing of domestic EU trade (Franco-German trade 23% decline)
- 2,043,178 jobs created within OECD/**deep liberalisation**



TTIP: Doomed to Succeed?

- “When the issues are important, they are always political – even when they are economic.” French Foreign Minister Couve de Murville (1967)
- Only show in town for Europeans
- Timing and measuring success
 - Reasons for cautious optimism: HLWG, Obama’s *State of the Union*, new USTR, Negotiations in July
- ... finish line November 2014?
- **TPP and TTIP – Transparency and consultation**
- **Implications for third countries**