

## TTIP — the US-EU trade deal. What is it, and where is it up to?

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At last year's autumn conference, the Lib Dems pledged to support a new trade agreement between the European Union and the United States — known as the Transatlantic Trade and Investment Partnership. The motion, 'Strengthening the UK Economy' (pdf), called on the coalition to:

Increase trading opportunities by working in the EU to ensure that the success of the Transatlantic Trade and Investment Partnership, doing everything possible to revive the World Trade Organisation led Doha Development Round and further integrating the EU services market.

Since then there has been significant progress in the negotiations to make the agreement a reality, and given that it is official party policy to support the plan I thought it might be useful to summarise what the agreement is about, and where it is up to.

### What is TTIP?

Here's the summary from the European Commission:

It aims at removing trade barriers in a wide range of economic sectors to make it easier to buy and sell goods and services between the EU and the US.

On top of cutting tariffs across all sectors, the EU and the US want to tackle barriers behind the customs border – such as differences in technical regulations, standards and approval procedures. These often cost unnecessary time and money for companies who want to sell their products on both markets. For example, when a car is approved as safe in the EU, it has to undergo a new approval procedure in the US even though the safety standards are similar.

The TTIP negotiations will also look at opening both markets for services, investment, and public procurement. They could also shape global rules on trade.

The negotiations have been split into a number of “chapters” – on, for example, agriculture, investment and energy. Some areas, such as financial services (at the US’s request), have been excluded from the negotiations.

### **Who is doing the negotiating?**

The European negotiation team is made up of dozens of officials from the European Commission, led by Ignacio Garcia Bercero (pdf). A list of the lead negotiators for each chapter can be seen here (pdf).

The US team is led by Dan Mullaney, Assistant United States Trade Representative for Europe and the Middle East, and the list of US lead negotiations can be seen here (pdf).

### **How are the negotiations conducted?**

Since July 2013 the teams have held six, week-long rounds of negotiations alternating between Brussels and the US; the sixth round concluded on 18 July in Brussels. EU reports from each round can be found here.

During each round meetings are held at which ‘stakeholders’ and ‘civil society’ can attend to make representations. Here’s an account from one such meeting in the US in May, from the Financial Times:

One morning last month Giorgio Bocedi, a rotund Italian lawyer with a practised charm, stood up in a brightly-lit university classroom in the Washington DC suburbs and began extolling the virtues of eight centuries of cheesemaking tradition – and the 245,170 cows responsible for producing the world’s Parmigiano reggiano.

Those cows – and the 3,439 dairy farmers around the northern Italian city of Parma that they belong to – helped produce 3.279m wheels of parmesan each year, Mr Bocedi boasted. And yet still there were pretenders. “The name Parmesan has been used for a long time in America. But we don’t know why. Usually it is used in association with Italy!”

Within minutes he had handed over to Patrick Kole, a representative of the Idaho Potato Commission, who was eager to defend the importance of Idaho’s soil in growing the unique tuber and to point out the injustice of a pizza company registering the US state’s name as a trademark in Germany.

“We know exactly what is going to go on top of that pizza,” Mr Kole declared. “Kartoffel! Potatoes!”

### **What areas are being discussed?**

As can be seen from the list of areas with dedicated negotiators, an impressively wide range of topics are under discussion, incorporating trade in both goods and services as well as investment.

There are negotiators working on, for example, pharmaceuticals, cars, public procurement, services, competition policy and intellectual property.

Some areas, such as energy (as a result of recent developments in Russia), have taken on greater significance during the negotiations, and some have proved more challenging — the chapter on investment, for example, stalled because of concerns over the enforcement of the agreement against states (see below).

## **Controversies**

Without fail, free trade agreements provoke controversy, and world-wide talks frequently attract well-documented protests from a panoply of groups opposed to such deals.

While TTIP has, fortunately, not caused riots, there has been vocal opposition on both sides of the Atlantic. One of the early areas of criticism came from digital rights activists in Europe concerned about the privacy implications of reported US demands. Unsurprisingly, given the agreement will likely contain provisions on the regulation of energy production and the trade in energy sources, a number of environmental concerns have also been raised.

One of the areas that has recently attracted attention in the UK is the proposed dispute mechanism available to companies to enforce the provisions of the free-trade agreement, known as the ‘investor-state dispute settlement’ (ISDS), and explained by the FT thus:

ISDS clauses allow companies to take governments to international arbitration panels to seek compensation if they feel their investment has been hurt by government action.

Until a few years ago cases were rare. But there has been a surge in filings by companies taking an ever broader view of what constitutes a legitimate cause for action. According to the Organisation for Economic Co-operation and Development, 57 ISDS cases were filed against governments in 2013, almost half of them in developed economies.

There is a useful briefing paper on ISDS from the House of Commons Library [here](#) (pdf).

Some member states, including Germany, have expressed concern about ISDS. Here, the United Kingdom recently called for the NHS to be “excluded” from TTIP because of a supposed threat from ISDS.

Interestingly, however, some, such as the Cato Institute, have suggested that ISDS is unnecessary and potentially counter-productive to the aim of trade liberalisation.

Asked about the issue at the weekend, Vince Cable seemed optimistic:

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## What now?

Negotiations continue, and on the most optimistic timetable an agreement may be possible by next year, which would helpfully come after US midterm elections and before the 2016 presidential election. Trade deals have typically been seen to be very difficult to achieve during US presidential election years, though it may be the case that TTIP will prove easier given the already high level of trade between the EU and US.

Compared to the dire progress of global trade deals in recent years, TTIP seems to be progressing promisingly, if slowly. As *The Economist* reminds us, though, the potential prizes from a deal being done are large, not only in terms of the economic benefits of the trade and investment flowing directly from the deal but also in terms of the strategic position of the EU facing up to increasingly hostile neighbours and in possibly even creating momentum for the resurrection of the World Trade Organisation talks to agree a global deal: prizes that all liberals should be eager to acquire.