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## A Cure For The Transatlantic Trade Blues

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Even before last night's "secretive" document leak, the Transatlantic Trade and Investment Partnership negotiations were in deep trouble. From the very beginning, Brussels and Washington underestimated the time and effort needed to bring this comprehensive endeavor to fruition. They would get it done on a "single tank of gas" by the end of 2014. But without significant change to the scope and conduct of negotiations in 2016, prospects for any transatlantic trade liberalization this decade will run out of gas altogether.

Last Saturday 35,000 people took the streets in Hannover, Germany to protest the Transatlantic Trade and Investment Partnership. On Sunday night a *Google News* search of the terms "TTIP," "Hannover," and "Protest" generated 33,600 results.

On Monday morning dozens of U.S. and EU trade negotiators joined by other government officials and civil society stakeholders took their seats in hearing rooms and at conference tables in New York City to begin the 13<sup>th</sup> round of TTIP negotiations. But *Google News* searches of the terms "TTIP," "New York," and "Negotiation," – conducted every night last week – never produced more than 2,090 results.

It's no secret that media are drawn to conflict more than cooperation, and to frenzied spectacles more than technical gabfests, so the disparate search results aren't too surprising. What is surprising, though, is how ineffective TTIP advocates have been at neutralizing the impact of the anti-TTIP propaganda.

European organizations opposed to trade, markets, and capitalism have spent the past three years defining TTIP as the handmaiden of American cultural imperialism – apparently, the worst possible scourge ever to beset Europe. Last night's release by Green Peace of documents allegedly revealing a U.S. strategy to subvert European health and food safety standards in the negotiations is just the latest example of how the opposition has come to dominate the messaging battle. Substantively, the documents reveal nothing new or damning – it has long been the U.S. position that decisions of governments to ban products for public health or environmental reasons should be supported by science-based evidence, whereas the EU embraces an untestable "precautionary principle." Nevertheless, the carefully cultivated perception in Europe that TTIP constitutes an American-inspired race to the regulatory bottom has been reinforced by this latest "news."

In a similar vein, opponents have cast the legitimate goal of harmonizing certain product standards and regulations that achieve the same social outcomes as a plot to pad industry's bottom line at the expense of public health and safety. But complying twice with virtually identical regulations does not make the public any safer. It only adds unnecessary production costs that are passed on to consumers and that diminish the resources available to invest in economic activity and job creation. For example, does the EU requirement that appliances be sold with electrical cords of one-meter in length keep Europeans safer than the U.S. regulation that appliances be sold with cords that are three-feet long? Or does the three-inch difference just add unnecessary production and compliance costs? More importantly, why hasn't the transatlantic business community produced 500 more examples, where differences in U.S. and EU regulations serve the same social outcomes, but at double the necessary cost?

Harmonization is not about weakening European standards or, for that matter, foisting those sometimes more rigorous standards on U.S. companies. They are about eliminating costly redundancies. Why haven't TTIP advocates done a better job reinforcing that message? Instead, they've ceded the field to TTIP's detractors who, often unconstrained by the facts, peddle in conjecture, hyperbole, and fear-mongering.

TTIP has an image problem – especially in Germany, which accounts for 25 percent of all EU trade with the United States. Support for TTIP among Germans has declined from 50 percent to 20 percent since negotiations were launched to great fanfare three years ago. The negotiations commenced in haste, as a political and strategic imperative, with little forethought given to the details. The same institutional hubris that produced confident predictions about imminent success also counseled against reining in the scope of negotiations, as well as ignoring – rather than challenging and refuting – TTIP's burgeoning opposition.

Those were mistakes. And now the TTIP is imperiled. It's imperiled because it seeks agreement where agreement is unrealistic. European acceptance of American genetically modified food products and American acceptance of European geographical indications (Parma, Champagne, etc.) aren't going happen anytime soon. How can a deal be struck in 2016 with culturally-charged issues like those precariously perched on the table?

A significantly scaled-back agreement on market access for industrial goods, agricultural products, services, and government procurement could be done in 2016 – if negotiators and their governments want something to show for their efforts. Some refer to that prospect derisively, as "TTIP-light." But significantly reducing remaining tariffs and opening services and government procurement markets to transatlantic competition would yield substantial and immediate benefits on both sides of the ocean — and beyond.

That doesn't mean abandoning the other issues, which include regulatory convergence, data flows and privacy, intellectual property, energy trade, environmental and labor standards, and investor-state dispute settlement. In scaling back, the negotiators would agree to revisit and achieve agreement on all issues within 6 years – the market access issues in 2016, and the remainder in 2018 and 2020. They might even agree to some snapback provisions that nullify agreement in previous tranches if subsequent tranches fail.

In this 2013 paper that provides a roadmap for a three-phased TTIP, I wrote: “The TTIP negotiations must not be permitted to devolve into a decade-long, transatlantic cocktail party for negotiators, advisers, and lobbyists.” Cocktails are great, but are even better when there is something meaningful to toast.

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