

Recognizing the Atlantic Economic Reality

MEP Erika Mann



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The idea behind the transatlantic market initiative is very simple. It's to recognize that we already have a transatlantic market that two economies are integrated to a much larger degree that we already know and understand. We are getting studies done and the data have been showing how deeply this market is already integrated. This is

not just true for the global corporations and for the big corporations, which we would of course all expect, but this is true for the smaller corporations as well because they are either embedded in the system, as in the supply chain, or independently, they have their own connections and they're integrated in the transatlantic economy. Since we have the data, the argument that we as politicians should recognize the transatlantic economy becomes even more important and more relevant.

Now the implications are much harder. In the past, we have always recognized that regulatory issues are important, and the idea to work together and to find common understandings between the two sides on them has been there for many years. It was more of a very technical understanding in the past. We looked into safety standards, and it was called Mutual Recognition Agreements which amount to accepting the standard on one side and then, through certification procedures, letting it enter into the other market but it's a very complex and a complicated picture. Eventually we understood that this way of cooperating together, given the deeply integrated market, is not functioning very well. You see still from the regulatory side, either from government or from parliament, that you do not understand the functioning of the market. Regulation is still very nationally driven; they are not looking at the effects they will have on the other market. We decided to invest in the idea of developing greater regulatory cooperation in the future and this is the idea which is coming out now. It is a more binding agreement which exists for the future and which covers everything, from the classical mutual recognition agreement, which we are already familiar with, to coop-

eration, and, to a certain degree, harmonization of regulations as well, from the classical old-style harmonization to a new style of harmonization.

So that is what we would like to do. It is future oriented. It will be concerned less about the classical "taking barriers away"; it will look more into issues of not establishing new barriers, which is very difficult, because we have different regulatory cultures. It should make sure that the agencies are part of this route, and politicians on both sides as well; if they are not included in a systematic approach of avoiding the establishment of new barriers, it will be difficult to achieve something positive. We've been working on this for seven years and I think it's something great to see it finally get accepted by the two sides. |

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The Roadmap to a Common Market

Rep. Jim Costa



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I am excited about this effort. When we talk about creating a barrier-free market, we have to first look at where we are today. The transatlantic trade of goods is over half a trillion dollars. You have the two major world economies: Europe and the United States. Our exports to Europe last year totaled over 186 billion dollars. Those are jobs that are created in America and those are jobs that are created in Europe.

Regulatory barriers do not allow transatlantic markets and relationships to reach their full potential. Different regulations on the each side of the Atlantic as it relates to issues of health care, health safety, environment, consumer protection, have effectively established barriers and therefore hampered the promotion of additional trade. Remedial steps are critical

both for US consumers and European consumers. We need to come together in a common sense way to create a regulatory framework that reflects the dynamics of both of the economies.

We need to look at where we can improve regulatory cooperation. It's not a new concept. But the Merkel proposal puts teeth in the negotiations by urging binding agreements.

The Transatlantic Policy Network that Congressman English and Senator Bennett and others have been working on for so long adopted a process that involves four steps:

- 1) Agree to a target date of 2015 to complete the transatlantic market between the United States and Europe.
- 2) Launch a sector by sector study of existing obstacles to create that transatlantic and to further expand that market.
- 3) Agree to outline a road map, because without planning, the best of intentions can go astray for removing such barriers to trade investment by the year 2015. And the way that you develop that road map, I believe, is to set up a small effort between the United States and the EU Transatlantic Market Implementation Group, who are elected and appointed officials who oversee and study the implementation of that road map.
- 4) And finally, to put in Brussels a regulatory impact assessment process comparable to what we have here in Washington to mark our progress every step of the way.

Those are among the items that the Transatlantic Policy Network worked on. In the end, this benefits Americans, it benefits Europeans, and again, if we are the leading economies of the world, it's for all the right reasons that we should be doing this. □

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Politics of a Transatlantic Market: Better than an FTA

Rep. Phil English



Rep. Phil English |

We have had discussions about a potential transatlantic free-trade area (FTA) for years, and we have run up against a certain amount of resistance. We recognize that the idea of an FTA faces challenges, particularly within certain parts of Europe and the very idea of an FTA is controversial now in many segments of political opinion within the US.

What we're hoping to do is trump that kind of opposition by going through a very different model. I believe, ultimately, that an FTA between the EU and the US would be beneficial. But when a similar idea was floated by Mr. Aznar years ago, and prior to that by others, it ran into strong resistance. We're looking

When you negotiate an integrated market among developed countries and large developed markets, you're able to avoid some of the most divisive issues that inspire protectionism.

for something that we can sell now to a broad cross-section of public opinion, and opinion leaders, within both the EU and the United States. Tariffs are already low, while a traditional FTA would have benefits, regulatory integration and standard-setting have a greater potential, by reducing compliance-costs, to dramatically change the equation and to do so quickly and with significant benefits.

This is one of the most important developments in trade policy that we've seen in many years. I say that as a member of the House Ways and Means Committee, active in trade policy, former Chair of the Steel Caucus, someone who has been a centrist on trade issues. It has the potential to stimulate economic growth on both sides of the Atlantic by deepening the integration of the transatlantic market using a model very different from what we used to pursue free-trade agreements. By seeking regulatory integration and common standards among countries that represent a major part of the world economy, we have the potential to have a mutually beneficial set of