



# TPN

TRANSATLANTIC POLICY NETWORK

**Archived Document**

## **THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP:**

**Completing the Strategic Vision  
The Next Step in a Beautiful Friendship**

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## INTRODUCTION

On February 12, 2013, in a pronouncement that historians may one day rank with the launching of the Marshall Plan as a reaffirmation and a reinvigoration of the Transatlantic Alliance, US president Barack Obama, in his 2013 State of the Union address, announced: “we will launch talks on a comprehensive Transatlantic Trade and Investment Partnership with the European Union because trade that is fair and free across the Atlantic supports millions of good-paying American jobs.”

This initiative, said European Commission President Jose Manuel Barroso, in a statement March 13, 2013, is “a game-changer, not only in transatlantic terms but for the world in terms of trade.”

More broadly, Transatlantic Trade and Investment Partnership (TTIP) lays the foundation for a renewed transatlantic strategic alliance to address the challenges for both Europe and the United States posed by the critical environmental, demographic, governance and human rights issues confronting the world over the next few decades.

TTIP is an idea whose time has finally come. After two decades of false starts, the European Union and the United States have begun the process of integrating their two economies to create the world’s largest market: a \$30 trillion commercial space unimpeded by tariffs and non-tariff trade barriers, with common technical standards and regulatory practices.

This initiative is urgently needed. Both Europe and the United States face formidable economic challenges. Given the size and interlocking nature of the transatlantic market and the shared nature of our current problems, completing TTIP by 2020 should be of the highest priority on both sides of the Atlantic.

Launching TTIP took political courage and foresight. Completing TTIP will take even greater political will and commitment at a time when leadership in both Europe and the United States is domestically distracted. The immediate vicissitudes of day-to-day governance should not be allowed to deter completion of TTIP in a timely fashion. Nor should those involved lose sight of the ultimate goal: a barrier-free transatlantic market by a date certain. The long-term health of the transatlantic community and future of the Transatlantic Alliance rests in the balance.

### **Why Now?**

More than ever, now is the time. The Great Recession, followed by economic stagnation in both Europe and the United States have shaken the transatlantic market unlike any event since the Great Depression, demonstrating once again that the economic fates of Europe

and America are inextricably intertwined and that the need for closer economic cooperation has never been greater.

European growth prospects have been haunted by the euro area sovereign debt crisis. The United States faces stubbornly high unemployment and a troubling trajectory for government debt. And both economies lack consumer and investor confidence. Europe and America need jobs and growth fuelled by increased trade and investment, not more public spending. TTIP can revive economic expansion through a comprehensive effort to eliminate tariffs, harmonize regulation and incentivize investment and job creation.

TTIP is also a means of maximizing future European and American economic potential in the decades ahead. Both societies face the inevitable slowdown that comes with maturing economies and Europe, in particular, must contend with a rapidly ageing population.

Moreover, the world is being rapidly transformed by globalization, demographic trends, and technological developments. The ensuing stresses are driving centripetal political, economic, and social developments. A Europe and an America that are committed to deepening transatlantic economic integration will provide steadiness and predictability in the global system at a time when multilateral solidarity is fracturing.

And this window of opportunity for creating a transatlantic market gives us a wonderful opportunity to accelerate this pace. It is true that both Europe and the United States are engaging more and more with Asia, each in their own way. A decade from now, both trade and investment ties with Asia may well outweigh those across the Atlantic. American and European companies will be ever more deeply embedded in China, India and Southeast Asia. Their interests will lie in Asian technical norms and regulatory practices. And European and American strategic interests and the focus of their foreign policy will follow.

The Transatlantic Trade and Investment Partnership is an opportunity to ensure that common transatlantic technical standards, based on the appeal of the world's largest market, become the prevailing global standard, especially for emerging information, bio, nano and similar cutting-edge technologies. And TTIP is the mechanism to enable European and American firms, workers and economies to reap the benefits of being those trendsetters.

As important, TTIP will ensure that Western values and regulatory principles—transparency, due process, accountability and the rule of law—prevail in the promulgation of the new rules of the road for the 21<sup>st</sup>-century economy. It is the assertion and strengthening of these norms of democratic capitalism that could prove to be TTIP's most enduring legacy.

TTIP also infuses the Transatlantic Alliance with new purpose and meaning. Alliances stick together when they have common projects. Since the end of the Cold War Europe and the

United States have drifted apart. Creation of a more integrated transatlantic economic space will give the Alliance a new shared purpose based on mutual values and interests.

TTIP will build on the principles of openness to trade and a commitment to free markets that have driven economic liberalization on both sides of the Atlantic. These were enshrined in the international economic organizations crafted jointly by Europe and the United States over the last half-century, institutions that have served the world well since then. In this spirit, TTIP will help revive the multilateral trading system in order to maximize the global benefits of increased commerce in a non-discriminatory manner.

After nearly a dozen years of talking, the Doha Round lies dormant. TTIP will develop new negotiating tools, will demonstrate the economic potential to be realized through liberalization of investment and services and goods trade and build a political constituency for similar global efforts in the future. Once a more integrated transatlantic market has been realized, it can be opened to others on a reciprocal basis and can serve as a model for multilateral liberalization around the world. Only Europe and the United States have the economic, political and institutional capacity, desire and will to provide such leadership at this time.

### **The Strategic Challenges and Opportunities**

The world faces critical challenges over the next two decades: climate change, water scarcity and security challenges such as proliferation, mass atrocities, and transnational criminal and terrorist networks. It also faces unparalleled opportunities: the emergence of a global middle class, with economic, democratic and human rights aspirations. Growing international trade and investment. And the emergence of new technologies that promise unprecedented opportunities for human development.

The transatlantic alliance is the necessary partnership for dealing with these challenges and for maximizing the benefits created by these opportunities. Only through deeper US-European strategic and economic ties can people on both sides of the Atlantic hope to cope with the future that lies ahead of them.

Before the middle of this century, the US and European markets will no longer dominate the world. The emerging and developing countries, which accounted for 20 per cent of the world's wealth in 2005, will account for 34 per cent by 2025. The European Union will no longer be the world's largest exporter. The centre of gravity of world production and world trade will have moved to Asia. The gap between rich and poor within countries may have grown, even as the gap between rich and poor nations may have narrowed, exacerbating social and political tensions within developed, emerging and developing societies. And collaboration across borders, enabled by the vastly enhanced power of digital communications tools and technologies in the hands of a new generation, will be

transforming the economic and social environment around the world.

At the same time, while the world's population will rapidly grow to 8 billion, and three-fifths of those people will be Asian, richer nations will be ageing. Europe will become the region with the oldest population. Both Europe and the United States will face an even larger budgetary burden thanks to the pension and health care needs of their ageing societies. Migration, already a volatile issue, will become a major challenge, with one-in-seven Europeans likely to be a migrant by 2025.

By the end of the first quarter of this century, global demand for fossil fuel will have grown substantially. The burgeoning use of carbon-emitting energy sources will hasten global warming, creating food shortages and health problems. Europe could face growing competition for energy from China, India and other emerging markets, leading to new strategic frictions. At the same time, the United States, with its newfound natural gas reserves, may become more energy self-sufficient, altering America's economic and strategic calculus.

The world over the next few decades will be one in which economic, political and strategic power is more evenly distributed. This multi-polar, digitally-connected world could prove contentious. Moreover, the economic success of undemocratic regimes could pose new challenges for the democratic values shared by Europe and the United States. And there will be ongoing questions about how to best deal with terrorism, failed states and unstable regions in the Middle East and Africa.

At the same time, opportunities abound for the extension of European and American values and interests. Globalization is generating unprecedented abundance, lifting people out of poverty. The rise of a middle class in countries all over the world is generating demand for the technologies created by European and American entrepreneurs and innovators. It is also creating a whole generation of people hungry for the democratic and capitalistic values and opportunities first incubated in the transatlantic space. Europe and the United States have the chance to shape those emerging values and to benefit from this new economic dynamism.

But this will be impossible without sustained transatlantic cooperation. This effort itself will give new purpose and meaning to the transatlantic Alliance. And the test case for this cooperation is TTIP. If America and Europe cannot work together in their economic self-interest, broader cooperation on global issues will not be credible.

### **Finishing the Journey**

TTIP is the culmination of a long journey that began in the 1990s, with many starts and stops along the way. Successful ventures owe their realization to many individuals and

organizations. Since its founding in 1992, the Transatlantic Policy Network has been a forum for dialogue within the transatlantic policy community, advocating a stronger partnership through deepening economic ties between the European Union and the United States. TPN seminars for policymakers and business leaders have been instrumental in the creation of the New Transatlantic Agenda, the Transatlantic Business Dialogue, the Transatlantic Economic Partnership and the Transatlantic Economic Council, all precursors of the TTIP. TPN annual reports have raised ambitions and framed the debate over the future of the transatlantic economic and strategic partnership. (See Annex)

### **The Economic and Political Case**

The economic case for a Transatlantic Trade and Investment Partnership has never been more compelling.

The United States and Europe are each other's most important markets. No other commercial artery in the world is the lifeline for so much trade and investment. Together, the European Union and the United States account for nearly half of world GDP and 30 per cent of world trade. Transatlantic merchandise trade totalled more than half a trillion dollars in 2012. In addition, the United States and the EU have directly invested more than \$3.7 trillion on both sides of the Atlantic. And about 3.5 million Americans work for European-affiliated firms in the United States, and about 3 million Europeans work for American-affiliated firms in Europe.

A Transatlantic Trade and Investment Partnership has the potential to dramatically grow such commerce. Elimination of just half the non-tariff trade barriers that encumber commerce across the Atlantic would add €122 billion to the EU economy and \$53 billion to the US economy. European-American trade would increase 79 per cent if all customs duties and non-tariff trade barriers are eliminated, according to a 2013 study by the IFO Institute in Germany. Real income in EU member states would rise by between 2.6 per cent and 9.7 per cent, depending on the country and by as much as 13.4 per cent in the United States if sweeping liberalization were to occur. And a total of 400,000 new jobs could be expected in the EU as a whole, while employment in the United States would be more than one million.

To put such prospective benefits in context: the potential payoff from eliminating transatlantic trade barriers exceeds the likely economic benefit to the United States or to the European Union from completion of the long-delayed Doha Round or for the United States from completion of the Trans-Pacific Partnership now under negotiation, even with Japan's participation.

And publics on both sides of the Atlantic support this initiative. Nearly three-in-five Americans want to increase trade with the European Union. Three-quarters of the Italians, nearly two-thirds of the British and nearly three-in-five French and Germans believe in

deepening trade and investment ties between the European Union and the United States. Half or more of both Europeans and Americans want to see the removal of all remaining tariffs on goods traded between Europe and the United States.

Overwhelmingly, Italians, British, French, Americans, and Germans back harmonization or mutual recognition of national regulations on goods and services, everything from food standards to insurance.

### **Challenges Ahead**

TTIP faces challenges. Stronger transatlantic ties are essential if Europe and America are to successfully deal with their common future. But they are not inevitable.

Transatlantic tariffs average less than 3 per cent and primarily act as nuisance taxes on commerce. But some peak tariffs remain. Their continued existence is testimony to the influence of a small number of special interests. It will take political will and negotiating finesse to finally eliminate these duties.

Transatlantic investment is healthy and a major contributor to trade and job creation. But some investment restrictions remain, such as limits on foreign investment in US air carriers or coastal shipping. Elimination of such barriers will require artful trade-offs.

The transatlantic harmonization of what have heretofore been largely domestic regulations will require public in both Europe and America to come to understand that in a global economy assertion of unfettered sovereignty over such rules is self-defeating. This will take time, sensitivity to local preferences and will involve flexible solutions in some cases. It may also require an initial focus on common principles and practices in regulatory rulemaking, especially for emerging technologies, rather than development of comparable regulation on existing products and services.

Longstanding differences will pose particular challenges. Americans and Europeans differ on the regulation of genetically modified organisms, for example. Processes are in place to deal with this issue and these differences. But this is a neuralgic issue that will need focused attention.

Cultural industry issues affecting film, television and music concern some EU member state governments. How best to safeguard cultural differences while not impeding commerce will pose particular challenges.

Public procurement has long been regulated at the state and local level in the United States. Europe wants that market open to transatlantic competition. Washington must find some way to accommodate such ambitions while respecting federalism.



The right to privacy is a long-cherished transatlantic democratic value. At the same time, the digital economy, based on big data, holds great promise for creating significant jobs and growth. And analysis of phone, email and electronic data flows is used by both the American and European governments to track criminal activity and guard against terrorism. Americans and Europeans differ over who should be able to gather data, how and where it can be stored and analyzed. The most recent revelations of data mining by the US National Security Agency and the strong adverse reaction in much of Europe to such actions only underscores the need for a common, transatlantic understanding of the rules of the road governing the data-rich digital economy now evolving.

Beyond such substantive issue, the TTIP is unlike any other major trade negotiation ever attempted by either the European Union or the United States.

This is a negotiation of equals. And as such, it poses practical, psychological and political challenges for both sides. Heretofore, Brussels and Washington have negotiated trade and investment agreements with smaller, weaker economies that largely had to accommodate European and American interests if a deal was to be struck. Successful completion of TTIP will require both Americans and European to compromise, to come up with novel solutions and to be willing to accept an agreement that does not achieve all that might have been originally desired.

Moreover, previous major trade negotiations have been single undertakings; nothing was agreed upon until every difference was resolved. But TTIP is consciously designed as a rolling negotiation.

In launching TTIP, both the European Union and the United States explicitly acknowledge that all regulatory impediments to economic integration cannot be significantly harmonized in a defined period of time. And with regard to some issues, TTIP's success can only be measured by the establishment of mechanisms that enable promotion of more compatible approaches to current and future regulation and standard-setting and other means of reducing non-tariff barriers to trade.

To that end, both Brussels and Washington will need to adopt innovative, collaborative processes that are creative, flexible, and open-minded in developing and negotiating solutions that respond to the specific characteristics of the transatlantic economic relationship.

### **No Room for Failure**

Europe and American cannot afford to fail in creating a Transatlantic Trade and Investment Partnership. The cost of failure would be profound and long-lasting. Potential economic

growth and jobs would be lost, prolonging the recent slowdown. There would be no bilateral spur to revival of multilateral trade and investment liberalization. The European Union and the United States would continue to drift apart, economically and strategically. Competitors around the world would take note and take advantage. Future global technical standards and regulatory norms and practices would not reflect transatlantic values. And Europe's temptation to divide into differentiated circles of integration—a two-speed Europe—might accelerate, leading to less predictable and more ad hoc transatlantic relations. The alliance would likely be shaped issue by issue, potentially leaving the United States to concentrate more on relations with individual European governments, undermining a half-century of Europe's effort to speak with one voice in dealing with America and Washington's long desire to have one person to call in Europe.

### **The Next Steps**

Immediate TTIP deliverables should include:

*Jobs and Growth:* The elimination of all tariffs on goods traded across the Atlantic, with the phasing out over a very short period of time for those for the most sensitive products. Liberalize restraints on most service sectors within the transatlantic market. Remove investment restrictions. Further open public procurement markets. Use progress on these fronts to revitalize multilateral negotiations within the framework of the World Trade Organization. Issue an annual report on progress made toward the elimination of trade and investment barriers and efforts to use such transatlantic progress to leverage multilateral market opening.

*Regulatory Harmonization:* Agree on comparable regulatory decision-making principles and processes. As an early deliverable, mutually recognize the safety of automotive products with functional equivalence and establish a parallel process for granting approval for pharmaceuticals.

*Intellectual Property:* Coordinate protection of intellectual property rights for emerging technologies; align US and EU policy on counterfeit goods and protecting intellectual property rights in third countries, and encourage cooperation between regulators and legislators on patent reform.

Procedurally, the TTIP effort should:

- Make its work transparent and accountable to the various stakeholders in the transatlantic relationship, including members of Congress and the European Parliament and civil society;
- Involve leaders from both the European Parliament and the US Congress;

- Bring together as soon as practical all the major stakeholders in the TTIP process to ensure proper coordination and cooperation between all those concerned as the negotiation proceeds;
- Issue periodic public reports about the status of the negotiations;
- Create a small US-EU TTIP Implementation Group comprised of a small number of members of the US Congress and European Parliament, members of the US cabinet and EU commissioners and heads of major US and EU regulatory agencies. Their task should be to oversee the eventual implementation of the results of the TTIP negotiation;

### **The TTIP Roadmap**

The TTIP roadmap should be a rolling program of benchmarks that include the following goals:

#### *Jobs and Growth*

- In the face of the economic crisis, both Europe and the United States need a number of short-term deliverables from TTIP that have a quick and substantial impact on jobs and on market confidence. Any Transatlantic agenda must deliver such if it is to be relevant to the needs of both Europeans and Americans and to be credible in the public eye.
- To that end, TTIP should eliminate all tariffs on bilateral goods trade, with most of those duties ending immediately, with a phasing out of all but the most sensitive tariffs in a short time frame.
- In addition, with regard to services, officials should bind the highest level of liberalization that each side has achieved in trade agreements to date, while seeking to achieve new market access by addressing remaining long-standing market access barriers, recognizing the sensitive nature of certain sectors.
- Remove investment barriers and provide investment protection equal to or higher than that contained in current US and EU trade and investment agreements.
- Substantially improve access to government procurement opportunities at all levels of government on the basis of national treatment.

### *Regulatory Compatibility Procedural Harmonization*

- Develop comparable regulatory decision-making processes, with, at minimum, agreement on underlying principles and regulatory objectives, mutually compatible transparency, including an early warning system for new regulations under development, similar timeframes, appeal procedures and post-regulatory monitoring.
- Provide transparency, impartiality, and due process with regard to licensing and qualification requirements and procedures, as well as enhance the regulatory disciplines included in existing US and EU trade agreements. The goal should be to reduce redundant and burdensome testing and certification requirements, promote confidence in our respective conformity assessment bodies, and enhance cooperation on conformity assessment and standardization issues globally.
- Develop a framework and a process for identifying opportunities for and guiding future regulatory cooperation, including provisions that provide an institutional basis for future progress.

### *Substantive Regulatory Outcomes*

- Develop and implement efficient, cost-effective, and more compatible regulations for goods and services, including early consultations on significant regulations, use of impact assessments, periodic review of existing regulatory measures, and application of good regulatory practices.
- As part of the TTIP's immediate deliverables, establish a system of mutual recognition of automotive products with functional equivalence to ensure comparable automotive test procedures, emissions and safety regulations.
- Again, as an early harvest from TTIP, agree to a framework for establishing a parallel process for granting approval for pharmaceuticals.
- Establish an on-going mechanism for improved dialogue and cooperation on addressing bilateral sanitary and phytosanitary (SPS) issues. This could build on the key principles of the World Trade Organization SPS Agreement, including the requirements that each side's SPS measures be based on science and on international standards or scientific risk assessments, applied only to the extent necessary to protect human, animal, or plant life or health, and developed in a transparent manner, without undue delay.
- Negotiate regulatory compatibility in other specific, mutually agreed upon goods and services sectors, with the objective of reducing costs stemming from regulatory

differences in specific sectors, including consideration of approaches relating to regulatory harmonization, equivalence, or mutual recognition, where appropriate.

- As part of this effort, come up with a framework for developing compatible rules affecting new technologies that are not yet regulated in Europe and the United States. This effort might include nanotechnology, optical technology, information technology or radio frequency identification devices, and issues of great concern to business and consumers on both sides of the Atlantic. For such products, it should prove easier for Europe and the United States to develop new regulations in tandem, rather than to try to resolve regulatory differences once regulations are already in place.
- In the spirit of the TTIP regulatory dialogue, the United States and the European Union should further strengthen the competition policy dialogue. The global economic crisis has led to a restructuring of the business landscape: firms have disappeared, merged, grown and shrunk their market shares. As the two jurisdictions that set the global standard for competition policy, the US and EU need to revisit the rules for government subsidies, what constitutes the relevant market and what is a dominant position in that market.

#### *Investment*

- Negotiate an investment agreement that opens most sectors of the transatlantic economy to reciprocal capital flows.
- Develop comparable rules for dealing with investments by state-owned and state-related corporations, especially for those based outside the transatlantic market, to promote transparency and reduce trade distortion.

#### *Intellectual Property*

- Make progress toward patent harmonization, including facilitating an EU patent, and enhanced cooperation between patent offices and greater coordination in extension of patent life.
- Develop a joint agenda for dealing with counterfeiting and piracy around the world and bring joint legal action against such abuses at the World Trade Organization.

#### *Energy and the Environment*

- Make energy and climate change a framing issue for the tariff and regulatory negotiations in TTIP to speed the transition to a greener, cleaner and low-carbon transatlantic economy.

- Agree to a transatlantic market for green products, including zero tariffs and the mutual recognition and certification of products.
- Building on past success in developing common standards for the electric car, make green technologies a priority for TTIP deliberations to enable transatlantic manufacturers to become the world leaders in these industries.
- Parallel to the TTIP, adopt a robust work plan to drive transatlantic collaboration on research and development of a smart electricity grid, hybrid and hydrogen-powered vehicles, energy-saving building technologies and more efficient power plants.
- Use TTIP deliberations as leverage to develop international bio-fuels standards and standards-setting for carbon capture in consultation with key third countries.
- In furtherance of TTIP goals, promote private-public sector partnerships to support R&D and implementation work, particularly between large and SME companies and supply chains.
- Use the collaborative techniques cultivated in TTIP to develop best- practice standards for emissions trading and benchmark criteria for national allocation plans for emission rights, to avoid transatlantic competitive distortions.

#### *Innovation*

- As a means to maximize the competitive benefits of the market liberalization resulting from TTIP, lay out and implement a short-term action plan to boost innovation on both sides of the Atlantic through closer collaboration on education, research and development and, entrepreneurship. This to-do list might include educational enhancement and exchanges, incentives to do R&D within the transatlantic market, limits on venture capital and reform of bankruptcy laws and other impediments to start-up companies.

#### *Dispute Resolution*

- Establish fair, transparent, timely and effective procedures to settle transatlantic trade and investment disputes, whenever possible through consultation.

## **The Legislators' Dialogue**

- Formally involve Members of the European Parliament and the US Congress more directly in the TTIP negotiations given their legislative responsibilities and statutory role in dealing with such challenges as jobs and growth, climate change, internet policy, agriculture, financial issues and China.
- Encourage relevant committees of the European Parliament and the US Congress, under the guidance of their chairmen, to coordinate their actions with regard to TTIP, including parallel hearings on TTIP issues and testifying before each others' committees.
- One Member of each relevant committee should be designated to act as the liaison person with its counterpart on the other side of the Atlantic. The European Parliament has established an office in Washington DC A similar action to establish a Congressional office in Brussels would help deepen legislative cooperation.
- Strengthen the current legislators' dialogue by enhancing plans to begin small group work between members of Congress and members of the Parliament on specific issues.
- Lay the groundwork for eventual creation of a Transatlantic Assembly of legislators from both sides of the Atlantic to discuss mutual regulatory and economic concerns and to hold to account the executive on both sides of the Atlantic.

## **A Civil Society Dialogue**

- TTIP promises to benefit consumers, workers and other members of civil society. Their participation in the process of negotiating TTIP is critical to maximizing its benefits and to building political support for its passage by the United States Congress and European Parliament.
- The Transatlantic Consumer, Environmental and Labor dialogues are moribund. They need to be revived and reinvigorated through regular consultation with TTIP negotiators.
- A mechanism also needs to be put in place for regular consultation between members of the Legislators' Dialogue and the Civil Society dialogues.

## **The Medium-Term Roadmap**

In the 2016-2018 timeframe, after completion of the TTIP, the United States and the European Union should include the following goals:

### *The Transatlantic Market*

- Establish as a long-term objective the creation of a barrier-free Transatlantic Marketplace by 2020.

### *The Regulatory Dialogue*

- Develop a US-EU framework, based on accomplishments with TTIP, for resolving differences in international standards-setting bodies so that there can be collaboration in these forums whenever possible based on regulatory harmonization within the transatlantic market.
- Build on the experience gained by the FDA and the EMEA in the medical product equipment regulatory area by embedding a senior-level agency representative or expert within each other's offices in a range of regulatory agencies to share ideas and to gain insights into each other's regulatory cultures and procedures.

### *Digital Agenda*

- Converge policy and regulation affecting digital market access and participation across the Atlantic, notably in the areas of intellectual property, privacy, consumer protection, network access, network security and internet governance, and standards.

### *Financial Markets*

- Since TTIP does not include primary prudential regulation, the United States and the European Union should establish a transatlantic working group that involves both members of the relevant bureaucracies and relevant members of the European Parliament and the US Congress to share experiences and insights and to coordinate responses to the financial market challenges that have grown out of the Great Recession and the euro crisis.
- Agree on a framework for deeper, ongoing coordination between European and American financial regulatory agencies. As part of that commitment, they should work toward common standards on banking, reinsurance and stock market listing and delisting rules and increase the transparency of hedge funds.



- The United States and the European Union should commit to coordination of domestic financial sector regulatory and supervisory measures, avoid contradictory reform efforts, share their long-standing experience in financial market supervision and crisis management with each other and with policymakers worldwide.
- Enhance the US-EU Financial Markets Regulatory Dialogue and give it a more prominent role in systematically discussing all aspects of financial market policymaking.
- Europe and the United States should finally resolve remaining transatlantic differences over accounting standards, promoting investment and the efficient allocation of capital within the transatlantic market.
- The EU and the US should agree to a framework for resolving reinsurance issues involving the EU Solvency II directive, the state-based approach to insurance regulation in the United States and any new American regulation of insurance.
- Establish a date certain for creating a transatlantic capital market.
- Achieve mutual recognition of securities regulation.

### *Manufacturing*

- Reaffirm their commitment to multilateral trade liberalization by pursuing tariff-free trade worldwide in key manufacturing sectors of importance to the transatlantic economy. This effort could be modelled on the 1997 Information Technology Agreement, which eliminated all tariffs on electronics products once countries accounting for substantially all world trade in that sector were in agreement. Sectors that might be considered for such a transatlantic zero-tariff initiative include, but should not be limited to chemicals, environmental technologies, auto parts and construction equipment. This effort would build on the results of the Doha Development Round.

### *Multilateral Trading System*

- Using lessons learned from TTIP and the shortcomings of the Doha Round improve the functioning of the World Trade Organization, with special emphasis on mutual rules of the road for negotiating bilateral trade agreements and what more the United States and the European can do to foster growth in the least developed economies through trade and investment.

## **The Long-Term Roadmap**

With the aim of realizing a barrier-free transatlantic market by 2020, Europe and the United States should pursue the following goals:

### *Transatlantic Market*

- Eliminate all remaining barriers to trade and investment within the transatlantic market.

### *Regulatory Harmonization*

- Have in place procedures for regulatory mutual recognition and harmonization across a range of human health and safety concerns.

### *Financial Markets*

- Establish comparable supervisory financial market regulations to ensure the smooth functioning of a transatlantic capital market.

### *Multilateral Trading System*

- Using the renewed economic leverage gained by creation of the transatlantic market and relying on the lessons learned from that effort, revive and revitalize multilateral trade negotiations with the aim of reducing tariff and non-tariff barriers across a much larger number of countries.

### *People and Commerce*

- Commit to the freer movement of people for work, study, residence and tourism through a smart visa program. This might include visa-free, short-term travel, a frequent business traveller program to ease the security constraints on those who crisscross the Atlantic in the course of their normal business and a trusted traveller program for low- risk tourists. Efforts should also be made to enhance the short-term movement of skilled workers and students within the transatlantic market.

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## Annex

Regular TPN reports have highlighted the benefits of greater transatlantic cooperation, acknowledged the problems, suggested ways to surmount those obstacles and generally framed the strategic vision for the future of US-European cooperation.

- In 1994, TPN published “Toward Transatlantic Partnership: A European Strategy”, which established the linkage between political, economic and security interests in the European- American relationship and underscored the vital principle that the collective participation of the European Union is the only way for a broad and balanced EU-US partnership to be developed.
- In 1995, TPN released “Toward Transatlantic Partnership: The Partnership Project”, which clarified the need to focus on specific economic and political issues to broaden the transatlantic partnership. In particular, it recommended negotiations for a transatlantic political and economic treaty by the end of the decade. These first two TPN documents were used by the EU’s Spanish presidency in formulating guidelines for the New Transatlantic Agenda signed in 1995.
- In 1998, TPN produced “Toward Transatlantic Partnership: The Cooperation Report”, which called for stronger political leadership on both sides of the Atlantic to provide impetus for closer ties. It recommended the signing of a broader EU-US framework treaty in 2007 and helped shape the Transatlantic Economic Partnership agreement signed that year.
- In 2003, TPN published: “A Strategy to Strengthen Transatlantic Partnership” in direct response to a perceived deterioration in transatlantic relations. It suggested a 10 point, 10-year action plan to strengthen transatlantic economic, political and defence/security cooperation and recommended completing the Transatlantic Market by 2015.
- In 2007, TPN released “Completing the Transatlantic Market”, which called on elected officials to provide greater top-down leadership to spur progress on transatlantic integration and proposed a sector-by-sector analysis of obstacles to achieving that goal. Both aims were achieved in creation of the Transatlantic Economic Council and decisions made at the 2007 US-EU summit.
- In 2010, TPN produced “A Strategic Vision for the Transatlantic Market”, which called for a restructuring, streamlining and strengthening of the Transatlantic

Economic Council and a narrowing of its immediate agenda to focus more on financial reform, energy and green technologies, protection of intellectual property, the digital agenda, and innovation.

- In 2011, TPN published “Toward a Strategic Vision for the Transatlantic Market”, which called for a comprehensive Transatlantic Jobs and Growth Initiative, including a road-map for the removal of remaining non-tariff barriers to trade and investment by 2020 and steps towards zero tariff levels on transatlantic trade.