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Transatlantic Trade Investment Partnership: private property or common destiny?

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It has been said that for the United States, the European Union is the ex-girlfriend you will never get along with. Recent discussions regarding the Transatlantic Trade and Investment Partnership (TTIP) have proved that this metaphor is not entirely wrong. It has long been the intention of both the US and the EU to conclude a commercial agreement, dating back to the proposal of a Transatlantic Free Trade Area (TFTA) at the beginning of the 1990s. Since then, different advisory groups composed of both public and private actors have been created, including the establishment of the more significant Transatlantic Economic Council (TEC) on the 30th April 2007 by US president George W. Bush, President of the European Council Angela Merkel (who held the rotating Presidency at the time) and European Commission President José Manuel Barroso. By fostering dialogue regarding a free trade area, the TEC eventually led to President Obama officially opening the negotiation of the TTIP on the 12th February 2013, during the annual State of the Union. Then EU Commission President Barroso did the same in Europe the following day. At this point in time the negotiation followed the practice of a traditional international agreement, carried out off-the-record by the Directorate General of Trade, in accordance with the Council and within the guidelines agreed to by the Member States.

The economic importance of the transatlantic relationship can be seen in the numbers. Together, the US and the EU represent 60% of world GDP, one-third of global trade in goods and almost half of trade in services. According to the Centre for Economic Policy Research in London,[1] in 2011 the US was the EU's number one partner with receiving 17% of EU exports and was the third most important trade partner for EU imports after China and Russia. Moreover, the EU was the US's second most important partner as far as both US imports and exports are concerned. European investment flow to and from the US is also extremely high, peaking at 195,660 million euros of US investment in 2007. This is why, the European Union and US Congress have no doubts about the macroeconomic potential of a free trade area spanning across the ocean: expected growth of between 68,274 and 119,212 million euros in Europe and between 49,543 and 94,904 million euros in the United States.

Beyond tackling new global trade challenges, the TTIP basically aims to eliminate both tariff and non-tariff trade barriers in a wide variety of sectors. While tariff barriers between the EU and the US are already rather low, the latter contain the bigger obstacles to transatlantic trade; namely safety and environmental standards, and regulatory issues and procedures.

The extent to which discussions have dealt with manufacturing trade, like the automotive industry, everything has run smoothly and away from prying eyes. Nevertheless, as soon as sectors of public interest, such as food quality and standards, the trouble began. The hot summer of 2014 saw strikes and protests across Europe. The accusation addressed to the European Union was of granting the US free access to the European market, thus lowering the standards of agricultural goods by allowing the usage of GMO, vitamins on animals, antibiotics, pesticides and the list goes on . Many NGOs and associations demanded action, not least the STOP-TTIP movement, which gathered a transnational self-organized European Citizens' Initiative with 930 000 signatures already collected. As always, more pronounced criticism spread to other crucial areas, such as financial sector regulation, public services and foreign investor protection. This concerns, in particular, the thorny issue of the Investor-State Dispute Settlement (ISDS) [2], which those against it, accuse of violating the sovereignty of national and European judiciary systems. The geopolitical impact and the effect of TTIP towards third countries has also been called into question, with many saying that the agreement will noticeably increase differences around the world with respect to income distribution.

It is a given fact that once again the EU is split into two parts. On the one side European citizens and civil society representatives and on the other side experts from the Commission and other institutions involved. The former group feeling that the US and the EU are plotting against them and the latter, maintaining that the subject is complicated and cannot be easily understood by the general public. Having done nothing to avoid the conflict apart from publishing the general mandate of the agreement,[3] only months later and following great pressure of the European Parliament, the EU has underestimated for the umpteenth time its citizens. [4]

What is clear is that the TTIP represents a common destiny, one that requires common and democratic decisions. The EU should take its lessons from the crisis and the resulting rise in Euroscepticism, and realize that communicating with European citizens is worth the effort. The EU must act openly and transparently taking citizens and their concerns seriously, rather than turning their back to them in closed door meetings.

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1.The paper 'Reducing Transatlantic Barriers to Trade and Investment: An Economic Assessment', published in March 2013 by the Centre for Economic Policy Research of London, is fully available on the European Commission's website: http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf
2. In this regard see the article 'Investor-state dispute settlement: Thee arbitration game', published by The Economist on 11th October 2014, which was subject of remarkable public scandal.
3. The mandate hes been declassified in October 2013 and it is now fully avaible athttp://data.consilium.europa.eu/doc/document/ST-11103-2013-DCL-1/en/pdf
4. In this regard see http://www.euractiv.com/sections/trade-industry/ttip-negotiating-mandate-finally-declassified-309073

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