Negotiations have started in July 2013 for the Transatlantic Trade and Investment Partnership (T-TIP). According to Brussels, the enhanced partnership could create the largest free trade area in the world. It has the potential to increase EU-US trade by 28% (€187 billion worth of goods and services), and generate an additional €119 billion for the EU and €95 billion for the US economies.

The goal for completing the negotiations is winter 2014, before the next European Commission will be installed in Brussels. “If we go down that road, we should try to do it on one tank of gas and avoid protracted rounds of negotiations,” said Vice President Biden. That rush might be justified by the upcoming elections for the European Parliament scheduled for May 2014. Amid the current financial troubles in Europe’s South, new reports fear that Eurosceptic parties might win considerably in the 2014-2019 EU Parliament election.

Headed by US representative Dan Mullaney and EU’s Ignacio Garcia-Bercero, 24 trade committees are dealing with specific areas from Agricultural Market Access to E-Commerce, Financial Services, Investment, and more. So what’s being negotiated? The first goal is to eliminate already low tariffs on imports/exports of products and services. However, the true barriers to enhanced trade are regulatory ones, and both sides are eager to smoothen standards and regulations.

**Beef over Agriculture Rules**

One of the most controversial areas is agriculture. In the US, big businesses generate industrial quantities of agricultural products by using genetically modified (GMO) seeds for crops, and growth hormones in livestock. American companies have seen their exports to Europe decrease, due to Europe’s cultural preference for non-genetically modified foods, which is embedded in EU legislation.

European agriculture is based on small farming. Growing organic crops and livestock with natural feeds takes longer and is not as cost effective as the American industrial way. Every animal is required to have a barcode tag and a...
passport, showing the names of its parents, the time and place of birth, raising, and slaughtering. This system is very effective for food traceability. But those requirements add an extra financial burden on the farmers.

American producers would like to see mandatory GMO labeling in Europe scrapped, and GMO imports allowed. A World Trade Organization (WTO) decision in 1998 ruled that the beef growth hormone issue is a protectionist measure and not a scientifically demonstrated health safety hazard. The EU stood with its decision not to allow GMO foods, but established a zero tariff quota for premium American beef imports (read: organic) of 20,000 metric tons per year (mt/y). That quota has been expanded in 2012 to 46,000 mt/y. Still, the WTO has allowed the US and Canada to apply higher tariffs on some EU products, including beef and the famous Roquefort cheese.

The Europeans hope that the current talks will do away with increased US tariffs and give European farmers access to the US market. EU farmers and consumers fear that a reversal of the GMO regulations in Europe would mean the end of high quality meats as well as the end of many European farms.

**Airplane Subsidies**

Europe and the US had a spat since 2005 at the WTO over government subsidies to airplane companies. The US accused the EU for giving below market loans to Airbus. The EU also accused the US of illegal protectionist support for Boeing. In 2010, the WTO ruled that both companies have received illegal government subsidies, Boeing receiving 5 billion and Airbus more than $20 billion. The EU complied with the WTO ruling, but the US allegedly did not. In 2012, the EU asked the WTO to allow it to place $12 billion worth of annual sanctions against the US in the form of tariffs. To put those amounts in perspective, the US Treasury has bailed out GM and Chrysler with $80 billion. The current negotiations might settle the issue of airplane subsidies out of court.

**Data Protection**

Europeans care more about data privacy, as is reflected in stricter online data privacy laws. Companies such as Google, whose business models rely on selling customer data to advertisers, were forced by EU regulators to change their privacy policies. The recent NSA spying revelations are prompting European customers to flee American cloud storage.

Furthermore, the EU has been debating since 2012, an even stricter data law. According to recent revelations by Financial Times, US officials have successfully lobbied for a watered down version of that law. As a result, the European Commission scrapped the “anti-Fisa clause” (Foreign Intelligence Surveillance Act), which would have blocked the type of spying NSA conducted on Europeans.

Peter Hustlinx, the European data supervisor, warned the European Parliament’s Civil Liberties, Justice, and Home Affairs Committee that industry lobbying, US pressures, and the trade negotiations could spell the end of enhanced online privacy rules.

According to Edward Snowden’s revelations, Germany is the most snooped country in Europe. Peer Steinbrück, has accused chancellor Merkel for being directly responsible for the NSA spying in Germany: “As chancellor, Ms. Merkel swore to prevent harm to the German people (...) Secret services are coordinated by the Chancellery. If you are sitting at the wheel, you carry the responsibility – whether you have fallen asleep or not.” Steinbrück is Angela Merkel’s opponent for the chancellor’s job in Germany’s federal elections this September. In response, Merkel promised to push for tougher EU data protection laws.

**Buy American**

The “Buy American” provision of the 2009 American Recovery and Reinvestment Act mandates state funded public
projects to be US sourced, in order to protect domestic jobs. European negotiators are hoping to get an exemption from
that provision for European companies.

**The Cultural Exception**

Government subsidies in France are responsible for a thriving cultural sector, with music and film industries benefiting
the most. France has threatened to veto the T-TIP pact, if audio-visual services are discussed. The EU trade ministers
have agreed to leave culture (TV, movies, developing media) off the negotiating table for the time being. Without
specifically mentioning France, Commission president José Manuel Barroso criticized antiglobalization as “reactionary,”
prompting an outcry from French politicians across the political spectrum.

The next round of negotiations will take place in October. Since it is such an important topic, EuroPoint will follow up
with additional blogs and EP Shorts.

*The EuroPoint:* The current T-TIP talks have the potential to change local cultural norms and laws negotiated in the
democratic process. The question is: shall economy overrule democracy in all questions and at all costs?