

TRANSATLANTIC POLICY NETWORK (TPN)

The Partnership Report

N° 8 – December 2007

Transatlantic Economic Partnership: The Momentum Builds

Toward a “post-Doha” world

Whether or not the Doha round of multilateral trade negotiations (now heading into their 6th year) delivers on its objectives, it has become clear that the regulatory dimension of economic globalisation rises relentlessly on the agendas of governments and economic actors around the world. TPN’s strategy in response to this reality remains clear and consistent : 1) overcome regulatory barriers to the further integration of the Transatlantic market, both to drive transatlantic growth and to set global regulatory standards; 2) engage jointly with newly emerging economic powers to adopt global regulatory standards.

At the outset of 2008, we see important institutional progress on both fronts. The TPN mission now must be to maintain this momentum through the coming period of elections and leadership transition in both Brussels and Washington.

At long-last, the TEC is born

The impetus provided by last year’s Transatlantic summit has clearly generated important new focus and sustained effort to structure, prioritise and pursue the EU/US market integration agenda. The major breakthrough from last year’s summit has been the creation of the Transatlantic Economic Council (TEC), co-chaired at the political level by two senior administration officials (currently European Commission Vice-President Günther Verheugen and Assistant to the President Daniel Price).

As consistently called for by TPN over the past decade, this finally brings the different “bottom-up” transatlantic economic initiatives and dialogues spawned by the 1995 New Transatlantic Agenda under a single “top-down” political agenda-setting authority, and creates a common “bottom-up” reporting channel. The importance of this new institutional architecture cannot be overestimated.

Since the initial TEC summit in November 2007, encouraging progress is evident on several key issues. The SEC has removed reconciliation requirements for foreign firms using IFRS, the international accounting standard, and is considering allowing US firms to do the same. US and EU regulators are also working towards the acceptance of Suppliers Declarations of Conformity for small-scale electronics, replacing third-party testing requirements for minimal risk products.

This said, much work remains to be done. The TEC has identified capital markets, orphan drugs, medical devices, and chemicals as areas to be addressed both by working groups of regulators from each partner as well as through the international summits. And the sensitive question of opening the EU market to US imports of chlorine treated poultry remains to be resolved.

The global agenda

Beyond its remit for the Transatlantic Market agenda, the TEC has rapidly become the missing permanent venue for regular political-level review of common global economic issues and interests – fulfilling another long-standing TPN objective. This agenda grows relentlessly in scope and significance, with a focus on relations with major emerging economic powers. It will now become necessary to give this – still informal – TEC role greater structure and coherence.

Still missing: the legislators' voice

Still missing in this new Transatlantic economic architecture is a structured role for the Transatlantic Legislator's Dialogue (TLD). It is self-evident that the largely regulatory focus of the TEC, in both the transatlantic and global dimensions, invokes the powers and responsibilities of the United States Senate and Congress on the US side, and on the European side the European Parliament and (particularly once the Lisbon Treaty enters into force) EU member-state parliaments.

As a first step, TPN continues to urge the US and EU administrations to invite TLD leaders to participate in future Transatlantic Summits.

Maintaining the momentum over the next 24 months

The May 2008 TEC meeting in Brussels will need to show progress on its established agenda. At least as important, however, will be demonstrations both of growing political commitment to the TEC and of further institutionalisation of its principles and procedures. It is imperative that the incoming administrations on both sides – whatever their political colours and preconceptions – embrace the TEC and its agenda as central to the conduct of their economic strategies and programmes. Strong political and business support will determine whether they do. TPN will focus on generating that support.