

A New Transatlantic Trade Deal: Good for America?

A DEBATE OVER THE MERITS OF TTIP

On June 22, 2015 the McCain Institute for International Leadership held a debate at the United States Naval Memorial on the topic of the Transatlantic Trade and Investment Partnership (TTIP) and whether or not it is advantageous for the United States to enter into the agreement. The debate featured two teams, one arguing for the agreement and one against, each comprised of two debaters.

Those arguing in favor of TTIP were former House Member Jim Kolbe, currently a senior transatlantic fellow at the German Marshall Fund, and Ambassador Shaun Donnelly, the Vice President of Investment and Financial Services at the United States Council for International Business. Debating against the merits of TTIP were the unlikely pair of Thea Lee, Deputy Chief of Staff to the President of the AFL-CIO, and Ted Bromund, a Senior Research Fellow at the Heritage Foundation. The distinguished participants' arguments were standard on many fronts, and all agreed that this was not a traditional trade agreement seeking only to eliminate barriers to market entry through lowering tariffs, but rather to also harmonize regulatory standards. The benefits and effects of such a 21st Century free trade agreement were contested.

In Europe, a popular critique of TTIP is that it will lower their high regulatory and labor standards. Mr. Bromund's argument, on the other hand, believed that there would be a tendency to "regulate up", rather than down as the Europeans fear, which will result in added regulatory burden for US industry. The net economic effect of TTIP could result in a 0.5 to 0.75 percent bump in GDP over 15 years, as reported by Mr. Bromund. This paltry number was not worth the potential to have the U.S. be pulled into more regulations, which he believes are already too numerous in the U.S. without such an agreement. Mr. Bromund conceded that there are indeed sectors that would benefit from regulatory harmonization, for instance allowing the U.S. to accept auto crash testing done by EU authorities instead of requiring a product to be retested in America. He

believed that individual mutual recognition agreements could be reached between these key sectors without TTIP. Most of Mr. Bromund's arguments were centered around a strong conservative ideology and less a direct critique of the details in the agreement.

Mr. Donnelly and Mr. Kolbe presented a more technical, as well as, a geopolitical argument in favor of TTIP, which closely mirrored those of the Obama Administration. Both believed that TTIP would provide greater prosperity in both the U.S. and Europe, and that the agreement would establish the "gold standard" for trade which the world, especially China, would be forced to follow. The opening remarks of Mr. Kolbe cited the economic benefits to the U.S. as bringing an annual boost of \$300 billion in exports, at least an additional \$125 billion to GDP, and a drop in prices for a family by \$900 a year. The notion that individual industries could harmonize without TTIP was also rebuked, as Mr. Donnelly explained that attempts to do so had been going on for many years, to no avail. Both he and Mr. Kolbe believed that TTIP was needed as a driving force to realize these efficiencies.

The other member of the opposition team representing the labor union position, Ms. Lee, took on the traditional arguments against free trade, job loss and a lack of transparency, and echoed much of the criticism that is being used by the growing anti-TTIP movement in Europe. As an example of bad trade agreements resulting in job loss, Ms. Lee cited NAFTA as having detrimental effects on American labor, a point which all other participants disputed. Ms. Lee's opposition centered on the idea that there is a gross lack of transparency in the negotiation process, therefore the AFL-CIO cannot support an agreement that is negotiated in secret, especially with the fast-track powers granted through Trade-Promotion-Authority. Her view was that labor representation was needed at the negotiation table, in order to protect the interests of U.S. workers. Interestingly enough, Ms. Lee did admit that Europe generally enjoys greater worker benefits and protec-

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tions, and were TTIP negotiators to move towards these standards, it would be a positive result for U.S. labor. Since this very well could be an outcome of TTIP it is somewhat puzzling that the AFL-CIO would not be more open to the negotiations.

The pro TTIP assessment given by Mr. Donnelly and Mr. Kolbe can be heard by proponents on both sides of the Atlantic, especially from industry leaders in auto manufacturing. These arguments face an uphill battle in a debate that has become hyper-emotional, for they are technical and not particularly inspiring. Mr. Bromund made this point by asking the crowd, "anyone here in the audience willing to go out and march in the streets for a call for doing regulation a little bit better?" Thus far, in America, his statement rings true. There has been little interest by the public into TTIP, most likely because those attuned to such matters are fixated upon Trans Pacific Partnership where negotiations are further advanced. This perceived lack of interest runs counter to anti-TTIP sentiments in Europe, which imply that America is seeking to take advantage of the European market and stands to gain more than Europe. If this were inherently true, answering this debate's fundamental question whether TTIP is "good for America," would have been very simple.