TRANSATLANTIC TASK FORCE ON TRADE

Working Paper

Ideas for New Transatlantic Initiatives on Trade

Fredrik Erixon and Lisa Brandt

This working paper was prepared to serve as a basis for discussion
at a meeting of the Transatlantic Task Force on Trade

EUROPEAN CENTRE FOR INTERNATIONAL POLITICAL ECONOMY
ECIPE

G | M | F The German Marshall Fund of the United States
STRENGTHENING TRANSATLANTIC COOPERATION

1. INTRODUCTION

The idea of liberalising transatlantic trade – possibly leading up to a transatlantic Free Trade Agreement – is not new. It has been seriously proposed, with some official backing, on three occasions over the past 20 years. The timing, and the arguments used by supporters and detractors, tells us all we need to know why this idea has remained just an idea and never materialised.

First, transatlantic free-trade initiatives have emerged shortly after transatlantic rifts over wars. It has become the official "olive branch" of transatlanticism – or the gift offered to show you are prepared to repair a relationship that has soured. Bilateral free-trade initiatives were launched shortly after the first Iraq war, shortly after the NATO intervention in Kosovo in the late 1990s, and, more recently, after the clash between the Bush administration and certain European governments over the second Iraq war. Hence, the timing and the political leadership have been the consequence of souring political relations, not the merits of transatlantic free trade.

Second, there has been a lack, if not absence, of solid *economic* arguments in the debate over initiatives to free up transatlantic trade. Few have bothered to examine the underlying economics. Although studies were commissioned in the late 90s, no official joint study analysing the costs and benefits of various free-trade initiatives has been completed. As a result, concrete initiatives such as the Transatlantic Economic Council (TEC), have suffered from the absence of economic guidance and have operated without clear direction.

Third, critics of transatlantic free-trade initiatives have argued such an initiative would kill an ongoing round of negotiations – and since there has been a round ongoing or in preparation in the past 30 years, except for a few years in the mid 1990s, there has never been a good time when free traders have thought freeing up transatlantic trade to be a good idea. Yet this argument has proven weak. External pressure, such as a big bilateral or regional initiative, can put pressure on political leaders to successfully conclude multilateral negotiation rounds. This has happened before. For instance, the Kennedy Round was clearly spurred on by the formation of the Common Commercial Policy in Europe, which disadvantaged Americans firms competing with European firms on the European market and pushed negotiators to agree on a tariff-cutting deal. Similarly, the Uruguay Round got a boost from the creation of the Single Market in Europe and the NAFTA in North America. Many old trade-policy hands would argue the Uruguay Round would not have been completed without the jolt from these two initiatives. Trade policy, like most other things in economic life, is driven by two instincts: profits and fear. If the profits from new market access do not make a convincing argument, the fear of losing one's position on key markets usually do. Dr. Johnson has captured this spirit: "When a man knows he will be hanged in a fortnight, it concentrates his mind wonderfully".

Fourth, there have not been many strong friends of a transatlantic free trade initiative, nor have there been many real enemies in the transatlantic political sphere. The debate has been abstract, with lukewarm support or criticism. Nobody seems to really have believed it possible to launch a new ambitious initiative. Consequently, political leaders have been unwilling to invest political capital by engaging in the transatlantic free trade debate and the integrationist agenda has lost momentum.

Now, however, is the time to give a transatlantic free-trade initiative serious consideration. The timing could not be better.

First, the argument that a transatlantic initiative would have detrimental effects on the multilateral system is no longer valid, if it ever was. On the contrary, strong external pressure appears to be the only thing that could save the Doha Round, by jolting some countries to reconsider their positions. Stronger transatlantic cooperation and deepened multilateral integration are thus rather mutually reinforcing than rival.

Moreover, the potential effects of a properly structured transatlantic free-trade initiative reach beyond the Doha context. The global trading system is in need of better leadership from the giants of the world economy to promote further liberalisation. China and other emerging economies might be able to take on greater leadership responsibilities in the future, but this scenario remains distant for at least a decade. The emerging economies have grown to become strong middle powers in terms of leadership. They certainly have the power to block initiatives, but this is different from the ability to lead. During the next decade, possibly even beyond that, the United States and Europe will remain the only two big powers with political, economic and institutional capacity to lead. Consequently, as the giants of the world economy, the US and Europe will have to take the lead if there are to be initiatives to liberalise trade in the short to medium term.

Second, it is important to improve current bilateral trade strategies in Europe and the US. Many of the new initiatives will have insignificant economic effects. A transatlantic trade accord, however, would have a significant impact. The value of transatlantic trade and investment was around $4.4 trillion in 2009, representing over 50% of global GDP and 30% of global trade. Hence, an initiative can ride on the logic of great numbers: liberalisation with a big economy will have greater economic effects than liberalisation with a small or medium-sized economy.

FTAs under negotiation or up for approval in the EU and the US neither individually nor collectively will have significant economic consequences – as measured by aggregated trade effects, growth and jobs. This goes for both the pending FTAs in the US Congress as well as the majority of Europe's current FTA negotiations (with the exception of India). For instance, although the recent FTA between the EU and Korea has rightly been seen as comparatively ambitious, it has been estimated to add no more than 0.08% to the EU GDP[1]. Similarly, the estimates for the US-Korea agreement (assuming full tariff elimination) points to a GDP effect in the US of 0.01%.[2] The cases involving Korea illustrate a broader picture where a trade deal between a big and a small market will not generate any substantial economic gains for the bigger market.

This paper seeks to explore what forms a transatlantic free trade initiative could take. Four big-picture alternatives will be considered. More precisely, this paper will give "pitches" for the various alternatives, without being shy about potential drawbacks.

The first scenario is a status quo, business-as-usual alternative: leaving the bilateral transatlantic relations in their current state, with the Transatlantic Economic Council (TEC) as a main forum for cooperation. The second and third alternatives consist of establishing a transatlantic free trade agreement covering trade in goods and/or in services. The fourth alternative implies transatlantic cooperation with the explicit ambition of creating a sort of snowball effect of other countries joining. The latter could take the form of "open regionalism" based on the agreements set out in the second scenario, or they could aim for plurilateral or critical mass agreements that are brought in under the auspices of the WTO. This paper will also propose a specific sectoral initiative: an International Digital Economy Agreement.

2. BUSINESS AS USUAL – THE TRANSATLANTIC ECONOMIC COUNCIL

Since its establishment in 2007, the TEC constitutes the primary forum for formal trade cooperation between the EU and the US. Created by the Framework for Advancing Transatlantic Economic Integration, TEC initially aimed at regulatory harmonisation.

However, the effectiveness of the TEC is, to put it kindly, questionable. When comparing the objectives of the TEC with its achievements up to date, its underperformance becomes evident. The discrepancies between the EU and the US regulatory frameworks remain considerable and (longstanding) disputes of principal character are continuously referred to the WTO Dispute Settlement Body. Eliminating existing cumbersome non-tariff barriers has turned out to be extremely troublesome. The question is: how can the efficiency of the TEC be enhanced?

A. The modest achievements of the Transatlantic Economic Council

The establishment of the TEC illustrates the importance of political leadership in advancing the transatlantic agenda and creating momentum for trade liberalisation. It was established by a joint initiative from George W. Bush and Angela Merkel (during the German Presidency of the EU), at the US-EU summit in Washington in April 2007. The general goals of this new initiative have been to 'enhance transatlantic economic integration and growth', 'to reduce barriers to transatlantic trade and investment' and to 'build on existing investment flows to boost growth and create jobs'[3]. The ambition has been to streamline regulations; eliminate non-tariff barriers to trade and investment; and to stimulate innovation. In order to achieve this, the intention has been to develop regulatory frameworks for new technologies; exchange information; share best practices; and work to enhance compatibility of standards and regulations.[4]

The perception of NTBs as the main problems in the transatlantic cosmos reflects the main concerns of economic actors. 'Divergence of standards and regulations' are in fact considered to be the 'biggest obstacles' to transatlantic trade, as formulated in reports by the European Commission.[5]

A number of eloquent declarations of intent and discussion forums can be enumerated. The list includes the establishment of various settings for exchange of information and best practices, as well as several declarations confirming the ambition to deepen and expand regulatory cooperation. For instance, the work has continued on the EU – US Action Strategy for the Enforcement of Intellectual Property Rights from 2006 to fight counterfeiting and piracy. TEC confirmed its commitment to 'upstream regulatory cooperation' in December 2010, aiming to anticipate unintended barriers to trade by coordinating regulatory activities at an early stage[6]. There is technical cooperation between chemical agencies in order to 'share knowledge and exchange experience and best practice' related to chemical management and risk assessment.[7]

Moreover, in 2009, the Energy Council was set up for cooperation related to energy efficiency standards. Also, the Transatlantic Innovation Action Partnership Work Plan envisions a regulatory dialogue, with raw materials, nanotechnology and bio-based products as potential areas for collaboration. TEC has also agreed to enhance cooperation on raw materials policy with the objective of increasing transparency in raw materials trade, eliminating distortive barriers and improving the conditions for investment.[8] Other professed achievements include the EU-US Air Transport Agreement from 2008, and the establishment of the

U.S. – EU High-Level Regulatory Cooperation Forum.[9] There is also an intention to improve the interoperability of health related ICT (e-health)[10], and in April 2011, the USTR and the European Commission agreed on a number of non-binding trade-related principles for ICT services. These principles, which both partners intend to promote also in relations with third countries, address open access, transparency, FDI, cross-border supply of services etc.[11]

This is the standard presentation of the TEC. However, after four years of TEC one has to ask: has it achieved anything real or concrete? Scratching a bit on the well-polished surface made up by nicely formulated declarations, the weakness and incapacity of the TEC in producing major concrete results appear. This is not to say it has been useless; some good ideas have been shaped by TEC dialogues.

The 'discussion rather than action' nature of TEC is illustrated by long-lasting unproductive deliberations on agricultural standards. Although the agricultural sectors constitute 1.2% and 1.8% of GDP in the US and EU respectively, the TEC agenda was for a considerable time hijacked by the fight over whether chlorine could be authorised to wash chicken.

The incapacity of the TEC to push for significant progression is also reflected in the modest language of commitments. For instance, in December 2010, a TEC declaration said that 'an enhanced and forward-looking co-operation that facilitates the development [...] of clean and energy-efficient vehicles [...] *deserves thorough attention*'[12] (our italics). Similar commitments include the declaration of the High-Level Regulatory Cooperation Forum to 'develop an inventory of regulations and initiatives' in the area of energy efficiency standards.[13]

While officials have been negotiating toothless agreements, the effective level of NTBs between the two parties has increased, partly as a consequence of crisis-related policies. With new NTBs emerging, and old ones remaining untouched, these barriers have a significant and restrictive effect on trade. This is particularly the case in certain sectors; for the EU, in the food and beverages, pharmaceuticals, cosmetics, biotechnology, textiles and clothing, and wood and paper sectors. For the US, the most restricted sectors are the aerospace, machinery, medical and measuring equipment, cosmetics, construction and communication sectors.[14]

The incapacity to address NTBs more thoroughly is not only maintaining the costs for businesses, but it is also deplorable from an economic point of view. Studies show that significant economic gains would be possible from NTB elimination. For instance, compared to a base scenario of no NTB reduction, the GDP of the EU and the US are estimated to be 0.7% and 0.3% higher respectively in 2018 with a 50% NTB reduction. Exports are expected to increase with NTB reduction; EU 2.1 % and US 6.1%. The main output effects from economy wide NTB elimination would be in the sectors of electrical machinery (+ 29% in the US, EU – 5.5%), motor vehicles (EU +5.7%; US – 1.4%) and chemicals, cosmetics, pharmaceuticals (EU + 2.2%; US -3.3%).In addition, it can be noted that a convergence of the IPR regulations between the EU and the US is estimated to generate an increase in national incomes by Ð 0.8 billion ($1.1billion) in the EU and $4.8 billion (Ð3.7 billion) in the US.[15]

B. The logic of modest ambitions

It is easy to ridicule the few results from four years of TEC cooperation. Yet friends of the TEC and what it has achieved will say that there is an understandable logic behind inaction – and that any initiative will run into the same problems as the TEC. Consequently, in their view, there is no point setting up a more ambitious agenda for real cuts in transatlantic barriers to trade.

i) Discrepancies in the regulatory frameworks

There are many regulatory discrepancies between the EU and the US. The inconsistencies are often of principal character, demonstrating divergent regulatory approaches and traditions. Fundamental differences prevail, for instance, in the field of genetically modified organisms (GMO), with the EU advocating the precautionary principle and the US deploying a different perspective on scientific risk assessment. Another recent example includes the EU's REACH Directive from 2007 on registration, evaluation and authorisation of chemical substances. The absence of effective transatlantic regulatory dialogue is likewise confirmed by the fact that new inconsistent regulation has been implemented since the creation of TEC, most notably the US Sarbanes-Oxley Act on audit and corporate governance, symbolising a of lack of transatlantic synchronisation.

The differences in the patent systems appear to be unbridgeable, with the EU following the 'first-to-file' system while the US uses the 'first-to-invent' principle. Differences also exist in the approaches to patentability of business methods and software[16]. Moreover, different standards for digital terrestrial television services also hinder market access for communication services. The US uses the ATSC transmission standard while the EU has another system in place known as DVB-T.[17] Given these existing discrepancies, and others, the argument is that it is understandable that initiatives will have modest ambitions.

ii) EU-US trade disputes

Even though the EU-US trade disputes affect less than 2% of the value of transatlantic trade[18], they have received a lot of attention since they tend to take the form of politically charged battles over principles (GMOs, beef hormones, ITA-tariffs, bananas, online gambling, aircraft subsidies, et cetera).

The magnitude of the transatlantic economic exchanges indicates that there is a likelihood of continuous need to settle disputes. For reasons of efficiency and legal predictability, the WTO ought to remain the main forum for dispute settlement. Despite the damaging effect that the Doha has had on the status of the WTO as a negotiating forum, the role of the WTO as a regulator supervising the international trading system remains important. Moreover, it is clear that the US in particular is keen to maintain WTO agreements, and the recourse to dispute settlement, as the main basis for cooperation. In the same spirit, Karel De Gucht, the EU Trade Commissioner, has expressed hope that the TEC will henceforth be occupied with 'strategic discussions', focusing on promoting 'jobs and growth' instead of discussing trade disputes.[19]

The fear harboured by some is that more ambitious trade cooperation between the EU and the US diverts the focus away from legal means of dispute settlement to diplomatic negotiations. As a matter of fact, FTA partners tend to take each other to court less often.

C. Is an improved TEC possible?

The incapacity of TEC to deliver on past ambitions is evident - reducing existing NTBs has turned out to be extremely complicated. What should be the way forward for the TEC?

In fact, looking into problems with past initiatives can provide some guidance for the future. The TEC has had several predecessors since the middle of the 1990s, including the Transatlantic Economic Partnership (1998); the proposed but never established New Transatlantic Marketplace (1998); the Transatlantic Business Dialogue (1995) and the New Transatlantic Agenda (1995).

None of these initiatives has succeeded in promoting comprehensive transatlantic integration. The common denominator of these forums is the combination of limited scope and lack of clear political will. With narrow agendas, it has not been worth the effort for politicians and political staff to invest the time and energy needed in order to overcome obstacles to deeper cooperation.

Institutional dispersion in the decision-making procedures, inherent to the federal system or the political structure of European integration, has slowed down transatlantic integration. For instance, the US federal authorities do not always have the mandate to make binding commitments on behalf of the states, and regulations on state level differ. The EU Member States also tend to have divergent policies, notably in services, due to the incomplete integration of the Single Market. In the field of investment, bilateral treaties are still in place between the US and European countries as a result of the fact that the EU's exclusive competence in services was limited to mode 1 (commercial presence) prior to the implementation of the Lisbon Treaty.

Unsynchronised regulatory initiatives are also reported to have put transatlantic cooperation on ice. The most important example is the US Congress's adoption of the Helms-Burton Act (on Cuba) and the D'Amato Act (on Libya and Iran), which prompted strong EU reactions in protest against the alleged extraterritorial ramifications harmful to European business.

Moreover, the politically sensitive fields of agriculture and textiles have continuously posed problems for closer cooperation. Disagreements predominately concern SPS regulations and GMOs, but also specific issues like eco-labelling, fur and leg hold traps. Cooperation covering the dismantling of agricultural tariffs has been unacceptable for some European countries and agricultural issues have blocked the idea of a transatlantic FTA, since it has not been considered possible to cover substantially all trade while excluding agriculture and textile. The validity of this argument is however questionable today. Trade in agricultural goods (HS Chapters 1-24) represented 3.66% of EU total imports from the US in 2009, while the US agricultural imports from the EU accounted for 5.7%. The total US import of textiles and footwear (HS Ch. 50-65) from the EU represented 1.75% of total trade in 2009; and 0.87% of EU imports from the US.

Strong objections to a transatlantic FTA have led to initiatives with more limited scope. For instance, the proposition of the former EU Trade Commissioner Leon Brittan of a New Transatlantic Marketplace (NTM)[20] in 1998 focused on four areas of cooperation; technical barriers to trade (extension of MRAs); free trade area in services (except for audiovisual); elimination of industrial tariffs by 2010; and a number of issues that should be dealt with multilaterally, including public procurement, investment and intellectual property rights.

The NTM initiative became subject to severe opposition. Certain European countries argued that it would undermine the multilateral system and were afraid that agricultural tariffs and subsidies would be included. The US on the other hand found it unacceptable that the initiative did not address agricultural tariffs and subsidies. Audiovisual services were excluded, whereas sensitive American sectors were included (e.g. maritime services, telecommunications, state-level regulations on professional services). The NTM initiative also covered patent issues, and geographical indications.

Subsequent to the failure of these more comprehensive initiatives, the focus has been on more sectoral cooperation. The EU and the US have signed three mutual recognition agreements (MRAs). The first dates from December 1998 and covers testing procedures for six sectors; telecommunications equipment; electromagnetic compatibility; electrical safety; recreational craft; medical devices; and pharmaceutical good manufacturing processes.

In 2001, the EU and the US agreed to mutual recognition of Certificates of Conformity for Marine Equipment. Later, after more than three years of negotiations on a product by product basis, an MRA on standards for marine equipment entered into force in 2004. The latter covered three categories of equipment; life saving, fire protection and navigational equipment.

However, the economic impact of these MRAs has been insignificant. This is due to their limited scope and to implementation problems. MRAs require active engagement from authorities and self-regulating agencies at state-level in the US, and national level in the EU. However, these agencies have few incentives to promote mutual recognition as they watch over their exclusive competences. This has led to complaints about the slowness of competent testing authorities and laboratories in recognising test results from their transatlantic counterparts.

So what can be done about the problem with NTBs? The TEC could, if maintained, change its focus. Instead of harmonising existing regulations, the focus could be placed on coordinating future legislation. Anticipating and avoiding future divergences is in fact what TEC officials see as the new rationale. This would allow for advancing the agenda, for instance in the fields of ICT and energy. In particular, the expansion of the Internet and new forms of ICT, like cloud computing and social networks, require legislation in order to assure legal certainty and privacy for businesses and private persons. The timing of an EU-US initiative in this field is just right since the EU is updating its rules while the US is also introducing new regulations.[21]

One positive recent development was the adoption of the EU-US Trade Principles for Information and Communication Technology Services in April 2011, including principles of transparency, open network access, cross-border information flows and licensing. Initiatives of global integration and compatibility of IT systems are of great importance, especially in the light of the fragmentation of the Internet through diverging national regulations.

Other possible areas of further regulatory cooperation include competition and antitrust policy. Aviation services could also benefit from regulatory cooperation, like passenger data collection as well as security standards and custom procedures. There is also a demand from businesses for mutual recognition agreements in the fields of financial services, insurance and reinsurance, as well as for professional qualifications.

Migration of skilled workers is sometimes problematic for multinational companies due to visa restrictions. Businesses would certainly appreciate a facilitation of the movement of skilled workers, for instance in the form of a frequent business traveller programme.

Business representatives also call for compatible regulations and global standards for energy efficiency and non-carbon technologies. There is also a scope for regulatory cooperation in emerging sectors like nanotechnology, e-health, e-accessibility and data privacy. Updated standards in traditional sectors could also be coordinated, notably in the automobile sector.[22]

Building on the status quo setting, TEC could thus play an important role in promoting transatlantic relations through a forward-looking approach to avoid future regulatory divergences.

3. EU-US FREE TRADE AGREEMENT ON GOODS AND/OR SERVICES

A MORE AMBITIOUS initiative compared to maintaining the TEC would be to launch negotiations on a transatlantic free trade agreement. In the next section we will consider two options – a transatlantic zero-tariff agreement and a transatlantic agreement on services. Obviously, they are not mutually exclusive but can be combined.

A. TAZA: A Transatlantic Zero-tariff Agreement

i) The underlying economics

THERE ARE THREE features of bilateral EU-US trade supporting the case for a TAZA.

Firstly, the EU and the US are the two giants in the world economy. Transatlantic trade and investment flows are significant, and the US-EU relationship clearly represents the largest bilateral economic relationship in the world. The value of the EU-US merchandise trade is $ 643 billion and the total commercial exchanges are worth $4.4 trillion each year. More than 14 million workers on both sides of the Atlantic are dependent on the transatlantic trade. From a strict merchandise trade volume perspective, China is now competing with the two at the top. But in economic relations, trade is only one aspect of cross-border integration.

Transatlantic trade has increased considerably over the last decade. Prior to the crisis in 2008, EU exports to the US grew by nearly 7 % a year on average and US exports to the EU grew by almost 5 % a year. This is a good record, especially against the background of the severe contraction of both economies after 9/11 and the decrease in trade volumes. In the first two years of the noughties, US exports to the EU fell, which explains why the US export growth was lower than Europe's in the decade prior to the crisis. Like all other trade relations, transatlantic trade has taken a harsh hit during the crisis; EU imports of goods from the US fell by almost 20% in 2009, and the decrease in US merchandise imports from Europe was even larger. Despite this fall, the bilateral trade in goods remains extensive.

Let us examine the economic values involved in current transatlantic economic integration more closely. The significance of the trade flows show that tariff elimination will have an economic effect even if the average tariffs are relatively low.

The total export of US goods to the EU was $220.8 billion in 2009, whereas EU exports of goods was $281.3 billion. Total US exports of private commercial services to the EU (excl. military and government) was $195.8 billion in 2008, and the US import from the EU was $139.4 billion.

EU exports of goods and commercial services to the US corresponded to a value of Đ 322 billion in 2009, equivalent to 20.6% of total EU exports. The total import of goods and services from the US was Đ 281.9 billion, or 17.6% of total EU imports.

The total investment stocks in the two markets are worth $1.5 trillion respectively. The US FDI stock in the EU was $1.6 trillion in 2008, mostly in the sectors of nonbank holding companies, finance, insurance and manufacturing. In the same year, Europe represented 64 %of total FDI in the US, and over 50% of outward US investment was directed to the EU. European investment in the US is twelve times larger than the EU outward investment to China, and twenty-eight times bigger than EU investment in India.

In a trade relationship of that magnitude, the absolute effects of tariff elimination will be considerable.

Secondly, and following on the above, transatlantic investment flows have generated profound economic integration with significant intra-firm trade. For instance, half of all US foreign affiliates are in Europe and 60% of the assets held by US foreign affiliates are in Europe. The equivalent figure for EU affiliates in the US is 75%. Estimates have suggested that intra-firm trade represents more than a third of the total transatlantic trade. With such an intertwined trade structure, there is likely to be additional trade-facilitation gains from a zero-tariff agreement.

Finally, intra-industry trade (IIT) is also a significant feature in transatlantic trade, which means that also modest changes in trade barriers can also have an effect on competition. The higher the level of IIT, the sooner competition gains from trade liberalisation can be reaped.

ii) Gains from TAZA

A RECENT STUDY has estimated the potential gains from a transatlantic zero-tariff agreement (Taza) on trade in goods.[23] This section draws on that study.

Tariffs between the EU and the US are comparatively low (the applied tariffs average at 4.8% in the US and 6.7% in the EU). Consequently, the static effect from tariff elimination is not substantial. The static effect on GDP from a transatlantic zero-tariff agreement is estimated to be 0.01% for the EU and 0.15% for the US. Dynamic gains – accounting for improved productivity as a result of competition, and reduced trade costs – are estimated to be 0.32-0.47 % for the EU (or $46 to $69 billion) and 0.99-1.33% for the US (or $135-$181 billion).

The estimated welfare gains – measured as national income effects – are more evenly distributed between the two economies. The static effect of tariff elimination is $3 billion for the EU and $4.5 billion for the US. The dynamic welfare gains are estimated to be $58-$86 billion for the EU and $59-$82 billion for the US.

The estimated change in EU exports to the US is 7% (or $28 billion) in a static scenario and around 18% (or $69 billion) in the dynamic scenario. The US is estimated to increase its exports to the EU by 8% (or $23 billion) in the static scenario and 17% (or $53 billion) in the dynamic scenario.

Since the highest tariffs are currently applied to agriculture-related sectors and textiles, those industries are likely to gain significantly from the tariffs reductions. In terms of export creation in the EU; the textiles, manufacturing and agriculture-related sectors are expected to gain most. The case is similar for the US; exports from agriculture-related sectors would generally benefit most from the elimination of tariffs, followed by textiles and manufacturing.

It is conspicuous that, in absolute terms, the machinery and chemicals industries contribute most to the overall rise in exports for both the EU and the US. In the EU, another substantial contributor to the overall rise in exports is the motor vehicle industry. In the EU, the motor vehicle industry together with the machinery, the chemical industry and textiles account for 65% of the total rise in exports to the US. For the US, increased exports of transport equipment is likely to contribute a lot to the overall increase; machinery, motor vehicles, electrical machinery, transport equipment and chemicals account for 75% in the rise of total exports to the EU.

The difference in GDP effects can be attributed to methodological aspects of the estimations, like terms of trade. In addition, there are also a few other explanations that warrant consideration. The US economy is smaller than the overall EU economy, which is one reason explaining why an equal trade expansion is having a bigger effect on the US than the EU GDP. Moreover, a greater share of the EU goods sector has previously been exposed to foreign competition (through EU internal liberalisation), which is why the effect of trade liberalisation is greater in the US. Finally, the composition of output changes appears to be more favourable for the US in terms of value added.

Finally, considering the coverage of the tariff reductions, we are likely to expect there to be exemptions from the agreement in order to protect sensitive sectors. However, even if we allow for a very generous definition of a sensitive sector, the trade covered by exemptions would represent less than 3% of total trade.

iii) Concluding remarks: the case for a Taza

It has been shown above that the potential dynamic gains from Taza are likely to be significant. Trade diversion effects cannot be avoided, but they are considerably smaller than the trade creation effects. Despite the potential economic gains, the prime counter-argument against a Taza-like initiative is that it would not address the main problems in today's transatlantic relations: NTBs and regulations of services and investment. This is true, but a Taza initiative could nevertheless be defended.

Firstly, there tends to be a particular taxonomy of trade liberalisation, especially when big economies are involved. This suggests that a sequenced approach (rather than a big bang) is biased in favour of tariff elimination before NTB reductions and services liberalisation. The European Union is itself an example of such taxonomy. Post-war trade liberalisation in Europe started with a goods approach with the elimination of internal tariffs. Thirty years later, new steps were taken as Europe prepared for, and subsequently launched, the Single Market for goods. In the 2000s, initial reforms have been undertaken to create a single market for services (although these reforms do not put openness in services markets in Europe on a par with openness in the goods markets – far from it).

This taxonomy emanates from economic history. Europe, as well as other liberalisers, has had more outward-oriented industrial firms in the past than equivalent service suppliers. This is why there has been a stronger push effect in industrial sectors compared to services. Today, the situation is different as far as developed countries are concerned (developing/emerging countries tend to integrate with the world economy through goods), but there is still political-economy structures favouring tariff reductions.

Secondly, you have to start somewhere, and it is considerably easier to negotiate tariffs than NTBs and service and investment regulations.

Thirdly, a transatlantic zero-tariff agreement is likely to have a push effect on liberalisation in other countries. This can manifest itself in different ways: other countries joining a transatlantic initiative, a concerted plurilateral initiative within the framework of the WTO, or a new zero-tariff multilateral agreement in NAMA (agriculture is subject to other restrictions). Hence, the institutional tracks already exist, which also provide for a comparatively smooth and quick process to "multilateralise" or expand the geographical scope of a transatlantic initiative. It is unlikely that lack of motivation will prevent other countries from joining such an initiative. Not only would the signal effect of standing outside be a problem;

the process of 'competitive emulation' would also start to operate.

There are good reasons to expect that a transatlantic initiative would spur other countries to reduce their tariffs. It is not primarily the fear of diversion of existing trade that would trigger liberalisation; it is only in some sub-sectors that tariffs are high enough to provoke trade diversion. It is rather the signaling effect and the process of competitive emulation that will steer other countries toward liberalisation.

Services and investment, however, are somewhat different. Not only could discrimination have a bigger economic effect, but there are fewer institutional opportunities to 'multilateralise' a bilateral agreement or to expand the geographical coverage. Motivations also differ. Reduction of NTBs and liberalisation of services trade often occurs through regulatory harmonisation. Some countries would consider it too expensive to set up the regulatory systems needed to participate in a transatlantic initiative. Other key countries, like China, are not particularly interested in ambitious service liberalisation. Many countries would have to start with significant domestic liberalisation before they can open up, which complicates the matter. This is not to say that such a move is impossible, but it is technically more difficult. In the event that there would be a strong and considerably liberalising transatlantic agreement involving services, it would take long time before other countries could join on the same conditions. Sequenced approaches would have to be designed.

B. A bilateral agreement for trade in services

THERE ARE, TO our knowledge, no similar studies available for a bilateral transatlantic trade agreement covering services, but a recent paper sets out the case for negotiating a bilateral deal for services and conveys interesting figures on transatlantic protection of services.[24] This section draws on that study.

i) The logic of addressing services barriers

THERE IS A clear economic case for lowering barriers to trade in services. Services represent a big portion of the transatlantic economy but a much smaller portion of trade than its economic size would suggest. This is not a phenomenon exclusive to services trade in the EU and the US; it is a common trait for all markets. Using data from the OECDs Product Market Regulation indicators, it has been estimated that the share of the output of services in the EU and the US *with a substantial level of protection* represents around 20% of GDP respectively. Sectors with a higher-than-average product market regulation include electricity, renting machinery, distribution, business services, transport and storage, and financial services.

The US service sector is generally more open than the EU's, and some of the mentioned sectors, like transport and storage, are more open than other service sectors in the US. This difference in openness is partly a reflection of the fragmented services market in Europe – which is not subject to the same Single Market disciplines as the goods market. It also gives political attractiveness to the idea of a bilateral services trade agreement. For the US, such an agreement would help to lower barriers in Europe and to put them on par with barriers at home. For Europe, it would give the European Commission and other supporters of service-market reform an additional argument for pressing ahead with much belated reforms.

Previous attempts to integrate the transatlantic service market have met resistance because of countries worrying about the GATS article V, requiring a regional trade agreement to cover 'substantially all sectors'. Otherwise, MFN liberalisation is required. The EU has been particularly sceptical, with France in particular protesting against the inclusion of cross-border services such as audiovisual services.

The US federal authorities cannot make binding commitments on behalf of the states in all fields of services, and the US has tended to prefer regulatory dialogue instead of MRAs. This has led the EU to point to a lack of commitment from the US states, and to push for a 'critical mass' of states to sign up for commitments. The EU has been in favour of MRAs for certain professional services, including architects and engineers, and for insurance.

A reduction of product market regulations – which can be seen as tariff equivalents even if that is not what they are in a formal sense – would bring direct and indirect, static as well as dynamic economic gains to both the EU and the US. The benefits are likely to be considerable, especially the dynamic gains. A reform would in most cases apply equally to internal competition as to external competition, therefore the dynamic gains emanating from increased competition and structural change would be significant. Moreover, many of the sectors mentioned are so-called backbone services with "general purpose" characteristics. Improving the productivity and efficiency in these sectors would spread ripple effects through the entire economy, with positive effects on productivity in other sectors.

Furthermore, a service agreement could spur the EU and the US to commit to stronger bindings under the GATS. At present, there is a lot of "water" between the applied and the bound commitments. Lower applied rates would make political leaders more comfortable about lowering the bound rates also.

A bilateral transatlantic deal in services makes sense because the EU and the US represent a big portion of trade and production of tradable services in the world. Other countries are likely to see this as a justified diversion from the WTO. They cannot expect anything else than big economy leadership in the field of services, and the US and the EU will move outside the WTO system if negotiations there are not producing results. Indeed, a free trade initiative on services is likely to be considered as more legitimate than an initiative for goods, since the trade in goods is less dominated by the EU and the US.

It is important to point out that a bilateral service deal has the potential to become a plurilateral deal. In order to reach a critical mass level of 80% of world trade, only eight additional countries need to join the agreement. That particular group of 8 consists of Japan, China, India, Brazil, Russia, Canada, Korea and Mexico. This adds a new and different complexion to the notion of "multilateralisation" of services agreements.

It has previously been suggested that some elements of bilateral service commitments would be easy to multilateralise since many services regulations cannot be reformed other than on an MFN basis, implying that a reform done in a deal with one country would also benefit other countries.

However, a counter argument has been that many service openings lend themselves easily to reciprocal give-and-get deals which are difficult to multilateralise. Greater access to a services sector can be done by special arrangements: a license, favoured arrangement with a public or semi-public company, less restrictive caps on foreign ownership, authority to some but not others to offer current account trading in a local currency, et cetera.

Then again, the small number of countries needed to reach a "critical mass" level suggests it to be easier than expected to extend a bilateral deal to a global one.

4. TRANSATLANTIC LEADERSHIP - NEW GENERATION GLOBAL TRADE POLICY

A. If the era of rounds is over – what's next?

Transatlantic leadership is vital for global trade policy. Historically, the EU and the US (in particular the latter) have shown themselves capable of initiating and concluding multilateral negotiations on trade liberalisation. We are now at a different point in history, with less willingness to exercise leadership and with greater ambiguity of the capacity to "get others on board" in a traditional round. The question that will be addressed in this section is: how can the US and the EU continue to take the lead in initiating global trade liberalisation?

There are several opportunities. For example, a bilateral agreement, like the transatlantic agreement for services discussed above, could be extended to others. There could also be "open regionalism" style initiatives. Or, transatlantic leadership could eye new plurilateral or critical mass agreements. Such agreements have proven vital in the past.

i) Bilateral transatlantic initiative

Starting with a bilateral agreement open to other countries to join, a sectoral EU-US initiative can be expanded into a plurilateral agreement with a larger number of signatories. The advantage with such an agreement is that it can initially be restricted to a smaller group of signatories. Only the signatories are bound by a plurilateral agreement, which is not applied on a MFN basis. The implementation is thus relatively easy since there is no obligation to persuade all WTO members to participate. The benefits are confined to participating countries, implying discrimination against non signatories in practice. A plurilateral agreement could however eventually be brought in under the auspices of the WTO, although this requires a consensus among WTO members.

ii) Plurilaterals

Plurilateral agreements tend to take more time to negotiate, but they come with the advantage of being built into the WTO. The most important plurilateral treaty currently in force is the Agreement on Government Procurement (GPA) from 1996. Compared with the Agreement on Trade in Civil Aircraft (1980), the GPA is more comprehensive in the sense that it touches upon domestic regulations and non-tariff barriers. The Civil Aircraft agreement is rather a zero-for-zero tariff agreement with a more narrow focus on tariff dismantling, although it does include NTB provisions related to subsidies. The effectiveness of the agreement is however seriously questioned as a result of the longstanding Boeing-Airbus dispute.

iii) Critical mass agreements

A critical mass agreement for a sectoral initiative is likely to generate extensive global welfare effects since such an agreement is applied on MFN-basis. With the inherent risk of having countries free-riding on the benefits of a general market opening, major economies can be persuaded to join despite this risk if the participation of a great number of countries can be assured.

The Information Technology Agreement (ITA) from 1996 is a successful example of critical mass liberalisation. Since the initiators of the ITA included a threshold assuring that the ITA would not enter into force until a certain percentage of world trade would be covered, the free-rider dilemma was basically eliminated. The ITA was made possible through the support from the IT industry, eager to spur tariff elimination for electronics. The grand limitation of the ITA is its tariff-only character, although continuous negotiations on the expansion of the product coverage were intended by the initiators.

The advantage of this type of critical mass agreement is that they can be relatively specific in their coverage, and there is generally no need for cross-issue linkage. The predictability is increased for countries hesitating to adhere to the agreement thanks to the prior specified threshold conditioning the entry into force of the agreement. However, as with all sector specific agreements, a critical mass agreement risks having negative ramifications for future multilateral negotiations in the sense that industries that have obtained what they want might be less inclined to support general multilateral liberalisation. The 'success story' of the ITA shows however that increased trade in industries with global production networks can have a significant positive impact on research, development and innovation. The possibility of invoking the DSB in case of a trade dispute also adds predictability and reliability to the critical mass agreement.

iv) Open regionalism

Raising the level of ambitions for an EU-US trade liberalising initiative could imply signing an agreement in the form of open regionalism. This would mean a bilateral preferential trade agreement which is open to any country fulfilling the criteria. Such an agreement can permit deeper and more comprehensive integration, reaching beyond tariff reductions.

Regional integration has to be compatible with GATT Article XXIV, related to free-trade areas, defined as 'a group of two or more customs territories in which the duties and other restrictive regulations of commerce [...] are eliminated on substantially all the trade' (GATT Article XXIV: 8 (*b*)). Moreover, there is a risk that regional integration between the EU and the US might be legally challenged if the transatlantic duo decides to exclude for instance trade in agricultural products in addition to other sensible sectors like raw materials, textiles and clothing, paper and pulp etc.

The open regionalism form of trade liberalisation permits extensive economic integration without intruding too much upon the sovereignty of the signatories, who will still be able to maintain their own external tariffs. However, if regional cooperation consists of a limited number of countries, the participants might demand restrictive rules of origin. As with all trade agreements and free trade areas, there is a risk of trade diversion. The strong intra-industry trading pattern of the EU-US trade limits this risk.

An open regionalism agreement with the EU and the US might evolve into a hub-and-spoke area, accentuating their dominant economic roles. On the other hand, countries who are not members have clear incentives to join the regional cooperation in order not to lose out on market access. This effect can be rather powerful, looking for instance at the case of the EU, with countries joining in order to benefit from preferential market access.

In order to be able to present other countries with the opportunity to join, any form of EU-US initiative would need to take into account the concerns of a wider circle of countries, even if others are eventually offered to join on a 'take it or leave it' basis. The major advantage is that an initiative taken by the transatlantic duo is easier to negotiate compared to a multilateral trade negotiation round. The fact that the two major trading powers in the world sign up to an agreement based on reciprocal concessions would create massive pressure on other countries to join.

B. IDEA – an International Digital Economy Agreement

One particular area where transatlantic leadership could be fruitful is in the rapidly expanding and evolving ICT sector. This is an area in which transatlantic negotiations, like in the case of the ITA, could aim for establishing a wider agreement with many signatories. In order to establish a suitable structure and avoid the usual problems with negotiations involving many countries, the negotiation of the agreement should be led by the EU and the US – of course after consultation with other potential members. This is how the ITA once was achieved – and a new IDEA can build on the ITA.

The ITA is confined to tariff elimination on IT and electronic products, excluding consumer electronics. The main problem is that the ITA does not cover NTBs or ICT services. Therefore, it does not address the main concerns of today's IT industry, which is characterised by fragmented production chains; product convergence as well as convergence between products and services. There is an evident need to address divergent regulations, technical standards and multiple testing requirements which imply trade costs.

A transatlantic initiative in the form of an International Digital Economy Agreement, expanding the ITA concept to cover services, NTBs as well as more products, could generate significant welfare gains. The current value of world imports of ITA goods within ITA countries was approximately $1.310 bn in 2009. Expanding the product coverage to include a wider list of consumer electronics and IT products would increase the total value of tariff-free imports with 16.7% to $1.529 bn, thereby eliminating tariff costs of $11.5 bn. Trade costs due to NTBs in the IT sector are estimated to exceed $124.1 bn, a number underestimating the total since it is based only on the trade costs of goods covered by the ITA, in the EU, USA, Japan, China and Korea. For the ICT services sector, NTBs are estimated to be even more significant.[25]

There are of course other areas ready for transatlantic critical mass leadership, but the ICT sector is especially pertinent as the US and the EU are the major powers in this area. They also have a stronger interest in liberalisation than aspiring significant powers, e.g. China. The EU and the US are the main destinations for export of ICT products from countries like China. Therefore, there will be strong market pressure on others to adhere to a new agreement in order not to stand on the sideline watching when others compete for new market access opportunities.

The downside is that a transatlantic-led agreement would be subject to criticism for its exclusiveness. Yet there is an inevitable trade-off between focusing on results or participation. Any country with the aspiration to lead will have to be prepared to take criticism. At the end of the day, the final judgment will be about the merits of the deal – whether it expands global welfare and offer equal opportunities, or if it narrows the scope for global trade. In the case of an International Digital Economy Agreement, the economic interests of the EU and the US speak in favour of the former.

5. CONCLUDING REMARKS

This paper has "pitched" different forms of bilateral transatlantic leadership for trade. There are of course other possible choices, but the alternatives presented largely sum up the potential methodologies at hand.

First, a TEC-based initiative deepening the efforts to address NTBs while aiming for regulatory harmonisation and anticipating of future divergences, although with deliberately low ambitions.

Second, a goods-and-tariff focused bilateral agreement which eliminates tariffs in a manner that is politically feasible and that could have positive spin-off effects on other countries' choices of liberalisation.

Third, a service-focused FTA that addresses an area with significant barriers and that could be extended into a critical mass agreement.

Fourth, a critical mass or plurilaterally organised agreement for digital economy issues which addresses frontier issues for the transatlantic as well as the global economy.

The general underlying theme is: do not expect new liberalisation of magnitude to occur without stronger transatlantic leadership for a global deal or transatlantic bilateralism. The days of purist multilateralism are over. Regardless of the form or the ambition of an agreement, the transatlantic axis must be stronger for results to be possible. Other countries are increasingly gaining power in global trade. One, China, has already achieved a powerful status. Yet we are fooling ourselves if we believe that China will have the capacity to lead in the short to medium term.

ANNEX: US AND EU PEAK TARIFFS

United States

HS code	Product name	MFN/PRF: weighted average	Maximum rate	Value of imports from the EU('000 $)
24	Tobacco and manufactured tobacco substitutes	98.9	350	126,097.25
51	Wool, fine/coarse animal hair, horsehair yarn and woven fabric	12.03	25	87,650.767
4	Dairy products, birds, eggs, natural honey; edible products of animal origin, not elsewhere specified or included.	11.68	25	792,038.498
60	Knitted or crocheted fabrics	11.54	18.5	85,129.389
7	Edible vegetables and certain roots and tubers.	8.35	29.8	174,532.142
17	Sugars and sugar confectionery	7.96	12.2	45.467
54	Man-made filaments.	7.52	25	308,657.322
55	Man-made staple fibres.	5.81	25	273,615.904
16	Prep of meat, fish or crustaceans, molluscs or other aquatic invertebrates.	4.9	20	26.682
62	Art of apparel & clothing access, not knitted or crocheted	4.53	27.3	299.334
59	Impregnated, coated, cover/laminated textile fabrics; textile articles of a kind suitable for industrial use.	4.05	14.1	14.131
23	Residues and waste from the food industries; prepared animal fodder.	3.98	7.5	177,872.245
42	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut (other than silk-worm gut).	2.76	20	50.251
15	Animal/veg fats & oils & their cleavage products; prepared edible fats; animal or vegetable waxes.	2.65	19.1	864,942.194
70	Glass or glassware	2.46	38	43,485.92
20	Prep of vegetable, fruit, nuts or other parts of plants	1.78	14.9	75.878
8	Edible fruit and nuts; peel of citrus fruits or melons	1.62	29.8	175,680.23

European Union

HS code	Product name	MFN: weighted average	Maximum rate	Value of imports from the US ('000 $)
24	Tobacco and manufactured tobacco substitutes.	26.93	74.9	1,974.855
16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates.	19.86	25	3,426.393
20	Preparations of vegetables, fruit, nuts or other parts of plants.	14.58	33.6	12,042.101
17	Sugars and sugar confectionery.	13.38	13.4	919.132
19	Preparations of cereals, flour, starch or milk; pastrycooks' products.	12.8	12.8	617.102
61	Articles of apparel and clothing accessories, knitted or crocheted.	11.86	12	8,342.787
62	Articles of apparel and clothing accessories, not knitted or crocheted.	11.4	12	8,173.787
11	Products of the milling industry; malt; starches; insulin; wheat gluten.	11.39	12.2	485.909
7	Edible vegetables and certain roots and tubers.	11.14	15.2	5,468.953
21	Miscellaneous edible preparations.	8.95	14.7	23,722.894
3	Fish and crustaceans, molluscs and other aquatic invertebrates.	8.11	22	8,061.04
64	Footwear, gaiters and the like; parts of such articles.	8.11	17	4,204.455
63	Other made up textile articles; sets; worn clothing and worn textile articles; rags.	8.07	12	2,425.465
52	Cotton.	7.32	8	735.254
57	Carpets and other textile floor coverings.	7.1	8	727.744
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery.	6.98	8	233.274
15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes.	6.81	16	8,053.664
76	Aluminium and articles thereof.	6.57	10	3,797.455
36	Explosives; pyrotechnic products; matches; pyrophoric alloys; certain combustible preparations.	6.42	6.5	106.298
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks.	5.86	6.5	4,174.025
56	Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof.	4.59	12	2,705.893
8	Edible fruit and nuts; peel of citrus fruit or melons.	3.17	20.8	35,935.833

Source: Wits/Trains

ENDNOTES

1. CEPII study for the Commission.
2. US International Trade Commission study – referenced in Erixon/Bauer
3. US - EU Summit (2007-04-30) 'Framework for Advancing Transatlantic Economic Integration Between the United States of America and the European Union'. Available at: http://georgewbush-whitehouse.archives.gov/news/releases/2007/04/20070430-4.html
4. The White House (2010-11-20) Office of the Press Secretary 'Fact Sheet on the United States Relationship with the European Union: An Enduring Partnership'
5. European Commission (2011) 'Trade and Investment Barriers Report 2011. Engaging our Strategic Economic Partners on Improved Market Access: Priorities for Action on Breaking Down Barriers to Trade'. Available at: http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147629.pdf
6. US Transatlantic Economic Council, Joint Statement, 17 December 2010, Washington D.C.
7. Statement of Intent between the European Chemicals Agency and the US Environmental Protection Agency, Office of Chemical Safety and Pollution Prevention's Office of Pollution Prevention and Toxics, and Office of Research and Development's National Centre for Computational Toxicology, Related to Chemical Management Activities, 15 November, 2010
8. Transatlantic Economic Council (2010-12-17) – Sector Specific Statements, issued at the TEC in Washington, 17 December 2010. Available at: http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147173.pdf
9. TransAtlantic Business Dialogue (2010-07-27) 'Enhancing the U.S.-EU Trade Relationship: Regulatory Cooperation and Standards', Statement by Kathryn Hauser, U.S. Executive Director TransAtlantic Business Dialogue before the Subcommittee on Trade, Committee on Ways & Means U.S.
10. Memorandum of Understanding between the United States Department of Health and Human Services and the European Commission on Cooperation Surrounding Health Related Information and Communication Technologies. 17 December, 2010
11. USTR (2011) 'Countries and Regions – European Union'. Available at: http://www.ustr.gov/countries-regions/europe-middle-east/europe/european-union
12. TEC (2010-12-17)
13. Transatlantic Economic Council (2009-10-27) 'Annex – Review of Progress under the Framework for Advancing Transatlantic Economic Integration Between the United States of America and the European Union'. Available at: http://www.state.gov/p/eur/rls/or/131050.htm
14. Klein, D. And Mildner, S-A (2010) 'Untapped Potential: The Future of the Transatlantic Economic Council', American Institute for Contemporary German Studies. See page 6
15. ECORYS (2009) 'Non-Tariff Measures in EU-US Trade and Investment – An Economic Analysis', Reference: OJ 2007/S 180-219493. Available at: http://trade.ec.europa.eu/doclib/docs/2009/december/tradoc_145613.pdf
16. European Commission (2009) 'United States Barriers to Trade and Investment Report for 2008'. Available at: http://trade.ec.europa.eu/doclib/docs/2009/july/tradoc_144160.pdf , see page 21
17. European Commission (2009) p. 22
18. Ashton, Catherine (2009-10-26) 'The transatlantic challenge: working together to shape the rules of globalisation', Speech at the US Chamber of Commerce, Washington D.C., 26 October 2009
19. Financial Times (2010-12-17) 'EU official welcomes US trade policy shift'
20. On the New Transatlantic Marketplace see: Kerremans, B. (1999) 'The Paradox of Transatlantic Trade Cooperation: The New Transatlantic Marketplace and the Road Towards the Transatlantic Economic Partnership', Paper presented at the ECSA-US Biennial Conference Pittsburgh, PA, June 2-5, 1999
21. Reding, Viviane (2011-03-23) Speech: 'Privacy standards in the digital economy: enhancing trust and legal certainty in transatlantic relations', Aspen Institute: IDEA Project Conference Brussels, 23 March 2011. Available at: http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/210
22. TransAtlantic Business Dialogue (2010-07-27)

23. Erixon, Fredrik & Bauer, Matthias (2010) 'A Transatlantic Zero Agreement: Estimating the Gains from Transatlantic Free Trade in Goods', ECIPE Occasional Paper No 4./2010

24. Messerlin, Patrick & van der Marel, Erik (2009) 'Leading with Services: The Dynamics of Transatlantic Negotiations in Services', Paris: GEM/Sciences Po

25. Lee-Makiyama, H. (2011) 'Future-proofing world trade in technology: Turning the WTO IT Agreement (ITA) into the International Digital Economy Agreement (IDEA)', ECIPE Working Paper No. 4/2011