

Biggest challenges for TTIP are regulatory, says industry

By Brian Beary in Washington | Wednesday 08 May 2013

In clinching an EU-US free trade agreement, the negotiators' greatest challenge will be aligning each other's regulatory frameworks, a senior representative of a transatlantic business lobby has said. Asked at a press briefing, on 7 May, what the toughest nut to crack would be in the upcoming Transatlantic Trade and Investment Partnership (TTIP) talks, Hans Straberg, European co-chair of the Transatlantic Business Dialogue (TABD), replied: "The amount of work on regulatory convergence". There are more than 35,000 existing standards in various sectors, noted Tim Bennett, director-general of the Transatlantic Business Council (TBC), an umbrella organisation representing European and American businesses. While not all of these would ultimately be addressed in the TTIP talks, which are due to start in July, Bennett said that many existing and future regulations would be tackled. In the auto sector, for instance, he noted that industry was preparing a list of areas where it wants more regulatory convergence, such as testing requirements and manufacturing standards for parts like turn signals and windscreen wipers. On whether the myriad US and EU regulatory agencies were willing to work together, Bennett said "they are being educated that this is a changing environment".

As the EU and US administrations seek to finalise their negotiating mandates by June, enthusiasm for TTIP remains high among business leaders. "These are exciting times," said Hans Straberg, a Swedish entrepreneur who was the CEO of household appliance manufacturer Electrolux from 2002 to 2010. The urgent need for both the EU and US to create more jobs and economic growth will improve the chances of a TTIP deal, he predicted, adding "yes, we can - and we will". About 40% of EU-US trade is trade within the same company for which eliminating tariffs and duplicative requirements was crucial, he said.

Drilling down into the specifics, the TBC's Bennett said that with goods tariffs, the peak rates were concentrated mainly in the textile, agricultural and food sectors. He called for these peak tariffs to be phased out "within a reasonable period of time". Asked about the problem of some policy areas like public procurement and insurance being regulated at the state, not federal, level in the US, the TABD's Straberg said "everyone is aware of that and is going to engage in it". Turning to the financial services sector, the business representatives admitted that there was uncertainty as to whether or not it would be included in the TTIP talks. According to Niklas Bergstrom from the Confederation of Swedish Enterprise, there are "no hurdles" to market access - the question revolves more around regulations. The TBC's Bennett said that the negotiators still needed to figure out whether or not it is appropriate to broach financial services regulation within the context of a trade agreement.