

Interview with Tim Bennett, director-general, Transatlantic Business Council

“Close to 100%” chance EU and US will conclude trade pact

By Brian Beary in Washington | Wednesday 27 February 2013

Since US President Barack Obama gave the political nod to the launch of talks for a Transatlantic Trade and Investment Partnership (TTIP) agreement, on 12 February, there has been a flurry of excitement and activity among the business community. According to Tim Bennett, director-general of the newly-formed Transatlantic Business Council, which represents 90 companies, the current mood of optimism will translate into a concrete deal because the leaders have no alternative. With the EU and US economies continuing to sputter along and lose ground to emerging economies like China, the urgency for this pact has never been greater, Bennett argues.

What are the chances of these talks leading to an actual deal?

The chances are close to 100% that we will still see some type of agreement.

Why such optimism?

I don't think the leaders have an alternative. Both Western Europe and the United States are struggling with the ability to achieve strong rates of economic growth. The outlook for the rest of this decade is not very promising. The leaders have already tried different tools to promote growth - monetary policy, fiscal policy, job training. Now we're down to trade policy. This agreement would have a major psychological impact on the business sector. That's very important because right now, we are seeing huge amounts of capital not being invested by companies because they lack confidence in government policy. A successful agreement will help unleash some of that money and lead to greater investment in the US and EU.

With agriculture and food safety such a sensitive issue, how can you prevent it scuppering a deal?

The two sides can seek recognition of each other's safety standards. If the end product of a safety standard is the same in terms of protecting the consumer, but the two standards were arrived at a little differently, they need to create language that says we will recognise each other's standards. They should bring a pragmatic approach that does not in any way undermine consumer health and safety. By cutting out duplicative testing for companies, it lowers their costs and impacts their ability to be competitive globally.

It's been said that EU leaders were keener on this than the US, at least at first. Is the same true in the business world?

There was a difference [between the business and political leaders]. The political will was stronger and more urgent in Europe than in the US. However, in the business community, it was the American companies who were banging the drums more loudly. The European industry, while supportive, seemed to be a bit more cynical about whether it would get launched. But now that it is launched, we've got a symmetry on both sides.

What makes this agreement different from other free trade agreements - for example with South Korea?

The primary focus is different because the two sides recognise from day one that the regulatory issues are the bread and butter of the negotiations. Tariff levels between the EU and US in general are not market prohibitive, as opposed to with Korea, where in certain areas like autos the markets were closed.

But they've been tackling these 'beyond the border' barriers since the 1990s. Why is this different?

The difference today is that there is no strong economic growth on the near-term horizon. So there is a sense of urgency on both sides.

Has the growth of China impacted their thinking?

I think it has - but as a secondary consideration. The two sides are going after global issues like state-owned enterprises. The desire is there to create strong international standards that address some of the unfair trade practices being pursued by certain other very competitive trading partners. If these two economies, which represent half of global GDP, set standards, you cannot ignore that. Bit by bit, others will join in, starting with Canada and Mexico, then the EEA countries, then maybe Turkey. The next thing you know, you either have to follow these standards or you're not going to trade in these other markets.

What can businesses do concretely to advance a deal?

We have a responsibility to provide governments with as much technical input as we can as quickly as possible. Our members want to provide a united input that represents both the EU and US industry's position. It will make it much easier for the governments if we can first work it out between the business sectors and provide recommended solutions. Before, this was done on a random basis on a few issues, but the new structures we have created in our transatlantic business organisations gives us both greater depth on the substance, and more political clout and access.

What is the mood right now in the transatlantic business community?

There is great excitement that the initiative actually was launched.

Will this positive mood quickly evaporate once talks begin?

We expect that once you get into the detailed negotiations you are going to bring in all the historical vested interests. But we think it is manageable because we are talking about the EU and US. So you start with levels of labour and environmental protection that are much higher than for your normal FTA negotiation with a Latin American, African, South Asian or South-East Asian country.

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