

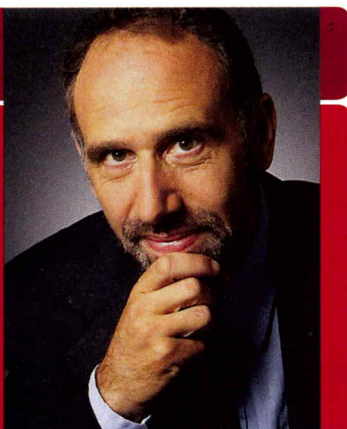
Will the TTIP trade deal help Europe?

Glaubt man den Befürwortern des TTIP können für die US- und EU-Wirtschaft bald rosige Zeiten anbrechen. Gegner aber warnen. VICKI SUSSENS hat beide Seiten gehört. **advanced US**

No!

"Economic gains will be small or even negative"

Dean Baker



Those in favor of the Transatlantic Trade and Investment Partnership (TTIP) make great claims about its benefits, going so far as to say it is a cure for the economic crisis on both sides of the Atlantic. The reality is that it will have hardly any effect on growth at all. TTIP will come at a considerable cost to national sovereignty, and some of the provisions could actually cause any growth to slow down.

At the most basic level, the deal is not really about trade. Traditional trade barriers between the EU and the U.S., in the form of tariffs and quotas, have already largely been eliminated. That is why conventional estimates of TTIP's effect on growth are small.

The Centre for Economic Policy Research (CEPR) in the UK estimated a gain for the EU of 0.3–0.5 percent of GDP when the full effects are felt, more than 12 years from now. This will result in an annual growth of less than 0.05 percentage points — in the

optimistic scenario. This is far too small to be noticed, meaning TTIP is hardly the sort of policy to boost eurozone economies.

The projections are also open to serious question. While they include the benefits of reducing the minor trade barriers that remain, they don't consider the cost of increased barriers that TTIP is likely to create. At the top of this list are efforts by the United States to push through stronger patent and copyright protection.

This issue is especially important in the case of prescription drugs. As a result of stronger patent protection, drug prices are roughly twice as high in the U.S. as they are in the EU. The pharmaceutical companies would like to use TTIP to bring EU prices closer to U.S. levels. Their success in this effort will not only mean more expensive drugs, but it will also be a drag on European growth.

In a range of other areas, including consumer safety and the environment, TTIP is being used to get around

regulations put in place at the national, subnational, or EU level. The deal even calls for a new legal structure to be created, to enable conflict resolution between investors and states. The assumption is that foreign businesses cannot count on fair treatment in the EU legal system.

In short, Europe will be asked to sacrifice a great deal of control over many areas of public policy for economic gains that may be small or even negative. That is not the sort of deal that politicians usually like to sell at election time.

| | |
|--|---|
| annual ['ænjʊəl] | jährlich |
| assumption [ə'sʌmpʃən] | Annahme |
| boost sth. [bu:st] | etw. ankurbeln |
| cofounder ['kəʊfaʊndə*] | Mitbegründer(in) |
| consumer [kən'su:mə*] | Verbraucher(in) |
| cost [kɒst*] | hier: Preis |
| drag [dræg] | Hemmschuh |
| GDP (gross domestic product) [dʒi: di: 'pi:] | BIP (Bruttoinlandsprodukt) |
| issue ['ɪʃu:] | Thema, Frage |
| pharmaceutical [ˌfɑ:rmə'su:tɪkəl*] | [wg. Aussprache] |
| prescription drug [pri:skripʃən 'dræg] | verschreibungs-pflichtiges Arzneimittel |
| projection [prə'dʒekʃən] | Prognose |
| provision [prə'vɪʒən] | Bestimmung |
| resolution [ˌrezə'lʊ:ʃən] | Lösung |
| sovereignty ['sɔ:vərənti*] | Souveränität |
| tariff ['tærɪf] | Zoll |
| think tank ['θɪŋk tæŋk] | Denkfabrik |
| trade barrier ['treɪd ,bæriə*] | Handelsschranke |
| Transatlantic Trade and Investment Partnership (TTIP) | Transatlantisches Freihandelsabkommen |
| [ˌtrænsət,læntɪk ,treɪd ən ɪn'vestmənt pɑ:tnərʃɪp*] | |

*This symbol marks standard US pronunciation.

Dean Baker is a U.S. macroeconomist and co-founder of the progressive think tank the Center for Economic and Policy Research in Washington, D.C.

The free-trade promise: will TTIP really bring jobs and growth to the EU?



Yes!

"TTIP will provide larger export markets"

Yvonne Bendinger-Rothschild



TTIP will consolidate and remove trade barriers and tariffs as well as result in a fair and structured exchange of goods, services, and investments. The EU and the U.S. are already each other's biggest trading partners and represent about 45 percent of the world economy. A trade agreement between partners with similar values and legal norms helps support a stable axis of trade and investment in an increasingly unstable world.

According to a study by the Centre for Economic Policy Research (CEPR) in the UK, by 2027, TTIP will permanently increase the European economy by €120 billion and add approximately €95 billion to the U.S. economy.

Increased trade, together with more aligned standards and regulatory systems, will optimize processes, improve

efficiency, and make many consumer and industrial products cheaper. All of this increases competitiveness in the global market.

The huge volume of EU–U.S. trade should also influence and improve norms and standards in other nations. Better agreement on standards will provide larger export markets for the products of the future.

The European Commission estimates that TTIP will increase production and create millions of new jobs across Europe. The CEPR UK study shows this will lead to wage increases both for skilled and unskilled workers. Other studies suggest that higher employment and less expensive products will increase annual disposable incomes on average by €545.

According to the European Commission, trade activity between the EU and the U.S. will increase by

€445 billion. Many manufacturing processes are already found across different EU countries, which means that these effects will be evenly distributed across member states. TTIP will have the secondary advantage of requiring member states to balance their internal interests so they can improve their bargaining power with U.S. negotiators.

The EU and U.S. will also benefit from a flow of foreign direct investment (FDI). A consensus on regulations and their enforcement will help protect financial markets and provide a stable business environment. **BS**

| | |
|---|------------------------------------|
| aligned [ə'laɪnd] | (aufeinander) abgestimmt |
| axis ['æksɪs] | Achse |
| bargaining power ['bɑːrɡɪnɪŋ, paʊər*] | Verhandlungsstärke |
| billion ['bɪljən] | Milliarde(n) |
| business environment ['bɪznəs ɪn,vaɪənmənt] | wirtschaftliche Rahmenbedingungen |
| chamber of commerce [ˌtʃeɪmbər əv 'kɑːmərs*] | Handelskammer |
| competitiveness [kəm'petətɪvnəs] | Wettbewerbsfähigkeit |
| disposable income [dɪ,spəʊzəbəl 'ɪnkəm*] | verfügbares Einkommen |
| enforcement [ɪn'fɔːsmənt*] | Durchsetzung |
| executive director [ɪɡ,zekjʊtɪv də'rektər*] | leitende(r) Direktor(in) |
| foreign direct investment (FDI) [ˌfɔːrən dɪ'rekt ɪn'vestmənt*] | ausländische Direktinvestition(en) |
| negotiator [nɪ'ɡəʊʃɪeɪtər*] | Verhandlungsführer(in) |

* This symbol marks standard US pronunciation.

Yvonne Bendinger-Rothschild is the executive director of the European American Chamber of Commerce in New York.