

both for US consumers and European consumers. We need to come together in a common sense way to create a regulatory framework that reflects the dynamics of both of the economies.

We need to look at where we can improve regulatory cooperation. It's not a new concept. But the Merkel proposal puts teeth in the negotiations by urging binding agreements.

The Transatlantic Policy Network that Congressman English and Senator Bennett and others have been working on for so long adopted a process that involves four steps:

- 1) Agree to a target date of 2015 to complete the transatlantic market between the United States and Europe.
- 2) Launch a sector by sector study of existing obstacles to create that transatlantic and to further expand that market.
- 3) Agree to outline a road map, because without planning, the best of intentions can go astray for removing such barriers to trade investment by the year 2015. And the way that you develop that road map, I believe, is to set up a small effort between the United States and the EU Transatlantic Market Implementation Group, who are elected and appointed officials who oversee and study the implementation of that road map.
- 4) And finally, to put in Brussels a regulatory impact assessment process comparable to what we have here in Washington to mark our progress every step of the way.

Those are among the items that the Transatlantic Policy Network worked on. In the end, this benefits Americans, it benefits Europeans, and again, if we are the leading economies of the world, it's for all the right reasons that we should be doing this. □

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Politics of a Transatlantic Market: Better than an FTA

Rep. Phil English



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We have had discussions about a potential transatlantic free-trade area (FTA) for years, and we have run up against a certain amount of resistance. We recognize that the idea of an FTA faces challenges, particularly within certain parts of Europe and the very idea of an FTA is controversial now in many segments of political opinion within the US.

What we're hoping to do is trump that kind of opposition by going through a very different model. I believe, ultimately, that an FTA between the EU and the US would be beneficial. But when a similar idea was floated by Mr. Aznar years ago, and prior to that by others, it ran into strong resistance. We're looking

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for something that we can sell now to a broad cross-section of public opinion, and opinion leaders, within both the EU and the United States. Tariffs are already low, while a traditional FTA would have benefits, regulatory integration and standard-setting have a greater potential, by reducing compliance-costs, to dramatically change the equation and to do so quickly and with significant benefits.

This is one of the most important developments in trade policy that we've seen in many years. I say that as a member of the House Ways and Means Committee, active in trade policy, former Chair of the Steel Caucus, someone who has been a centrist on trade issues. It has the potential to stimulate economic growth on both sides of the Atlantic by deepening the integration of the transatlantic market using a model very different from what we used to pursue free-trade agreements. By seeking regulatory integration and common standards among countries that represent a major part of the world economy, we have the potential to have a mutually beneficial set of

policies, but also to stimulate growth that will help the entire world economy, and lead to new rounds of WTO activity.

This is an ambitious initiative with the potential for immense accomplishment if. I particularly want to salute Chancellor Merkel for taking an idea which had incubated within the Transatlantic Policy Network for many years; it has been obvious that Chancellor Merkel's presidency of the EU emerged as a real opportunity to see this idea put forward, embraced, and tested.

I am particularly excited because this is an approach that sheds the baggage that many of the trade policies in the United States have suffered under. Let's face it: there's been an increasing difficulty in the US in finding a common broad-based trade policy. Increasingly, we've had difficulties passing free-trade agreements that were asymmetrical, with small trading partners, and with trading partners with which we didn't necessarily have a lot in common economically. In seeking greater integration with Europe, we have an opportunity to set aside some of the issues that have been hobgoblins elsewhere in trade policy, such as labor standards and environmental standards. It's fairly clear that when you negotiate an integrated market among developed countries and large developed markets, you're able to avoid some of the most divisive issues that inspire protectionism. So we have an opportunity to make fundamental progress in trade policy by engaging in this.

There is no question that we're going to face some major challenges. The standards that we're talking about harmonizing are not only economic standards but many of them have cultural values embedded in them as well. This is going to take a real engagement; as we survey the field and implement this idea, we're going to find some areas that are going to be controversial.

Recently, both the EU and the US have found that adopting new regulatory regimes can have unintended consequences on our trading partners. The EU has found this with their REACH initiative, and the US has found this with Sarbanes-Oxley. This is

an opportunity to learn from that experience and target some regulatory openings. Open Skies is something we can be moving forward with very quickly. Accounting standards ought to be harmonized between our jurisdictions, and also medical devices. And from there we should be looking at things like

competition policy, which is an area that we need to rationalize and, I believe, we can ultimately, if we're successful, take to the WTO.

This is a great opportunity to stimulate economic growth on both sides of the Atlantic, if we have the courage to take advantage of the similarities between

our economies. This is something that I can take to Western Pennsylvania and sell to a unionized audience. This is something that I can take to my export companies and point out to them new opportunities. This is something that I can take to mature domestic industries and point to as an opening and an opportunity. This is something that is going to mean more jobs on both sides of the Atlantic. □

Rep. Phil English (R-PA) is a member of the Transatlantic Policy Network and Co-Chair of its Task Force on Trade.

The remarks above were given at a Press Conference sponsored by the Streit Council and cosponsored by the National Press Club as part of its "Newsmaker Program". On the same day, April 30, 2007, the US-EU summit succeeded in reaching agreement on a Framework for Advancing Transatlantic Economic Integration between the European Union and the United States of America, signed as a "Framework Agreement" by US President G.W. Bush, EU President Angela Merkel and European Commission President Jose Manuel Barroso.

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