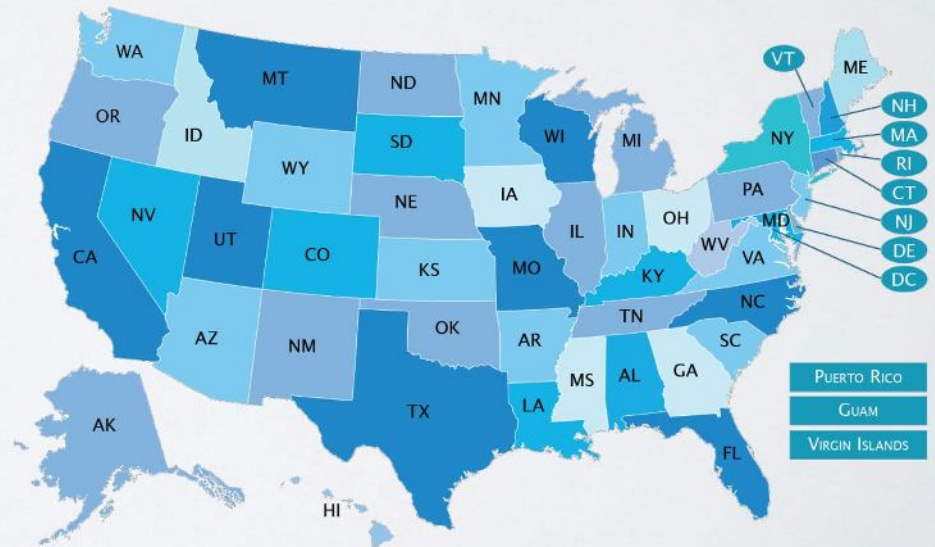




EU-USA RELATIONS

institutional frameworks, the costs and benefits

INTRODUCTION



- The European Union and United States established diplomatic relations in 1953 and have maintained them incessantly since then.
- During that time their relationship has grown into one of the most important bilateral alliances in the world. Its significance cannot be disregarded not only because both allies are the biggest economic and military powers globally, but also dominate global trade and lead the international political relations.
- Nevertheless, their relations have been regularly undermined by a wide range of issues they have strongly disagreed on, however, the alliance has always survived and been doing well.

THE ALLIANCE TODAY

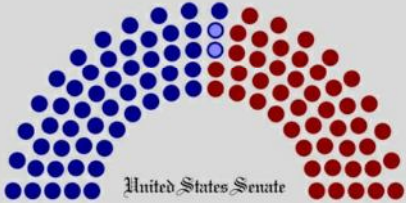
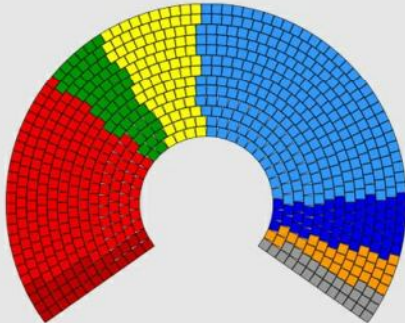
- Now the U.S. and the EU account for nearly half of world GDP and 30 percent of the world trade. Goods and services worth \$2.7 billion/€2.0 billion are traded daily between the two partners, promoting economic growth and supporting millions of jobs in both economies. In addition, the U.S. and the EU have directly invested more than \$3.7 trillion/€2.8 trillion on both sides of the Atlantic.



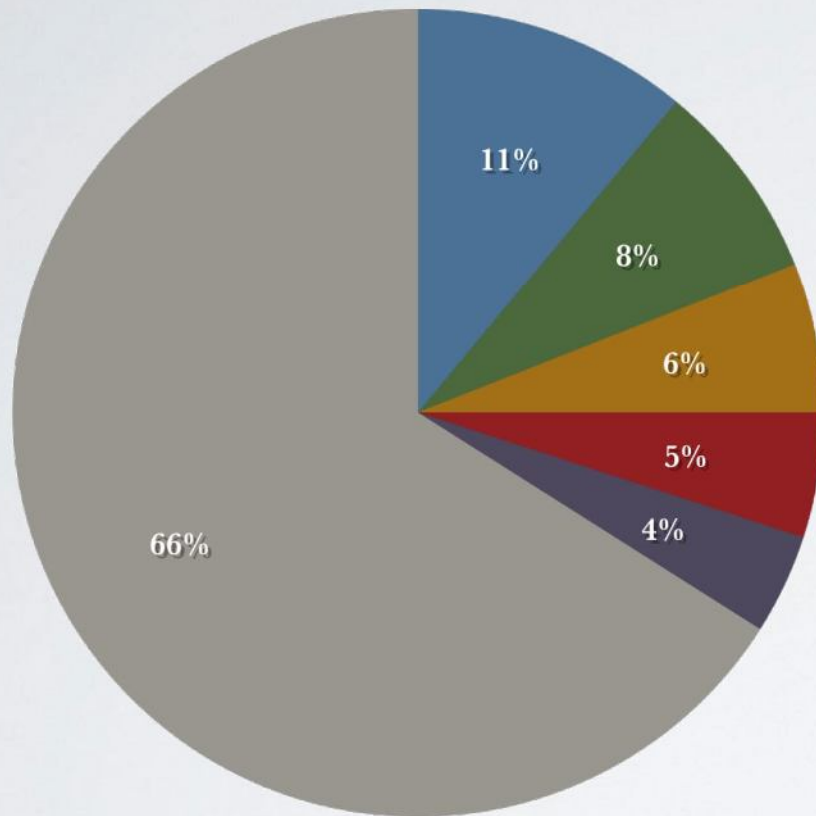
The United States of America



The European Union

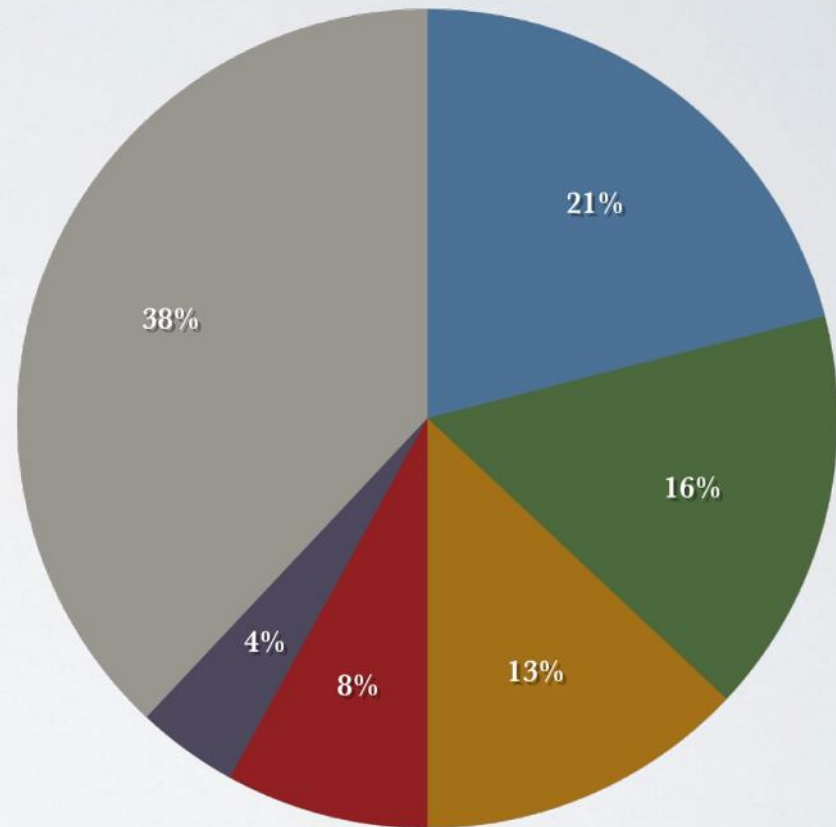
Population	313,376,000	502,486,499
Economy (GDP)	\$15.065 trillion	\$17,960 trillion
Inflation	2.87%	2.6%
Fortune 500 companies	133	148
Obesity (BMI average)	30.6	21
Military budget	\$711 billion	est. \$300 billion
Legislature	2 parties of US Senate: 	7 groups of EU Parliament: 

EU Ag Imports by Trading Partner 2012 US\$168 billion / €125 billion



● Brazil ● United States ● China ● Argentina
● Norway ● Other Countries

U.S. Ag Imports by Trading Partner 2012 US\$138 billion / €102 billion



● Canada ● EU27 ● Mexico ● China
● India ● Other Countries

Source: self-reported data based on World Data Bank resources

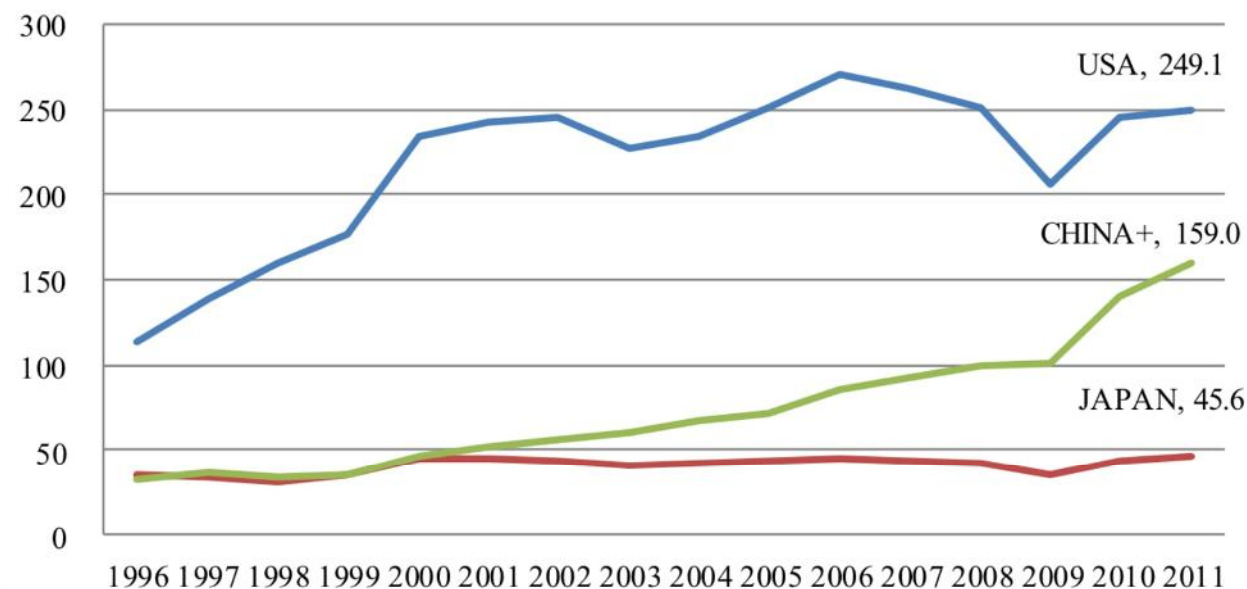
THE RESULTS OF DEVELOPMENT

- At the beginning of the second decade of the XXI century economic relations between the U.S. and the EU are still largely defined by the development trends of the global economy and global financial system. Stable dynamic of the transatlantic flow of goods, services and capital reflects the traditional closeness of economic models of development in the U.S. and Western Europe, the stability of established relationships, high effective demand of both regions to modern goods and services.

EU 27 exports goods

(source : Comext - Comtrade)

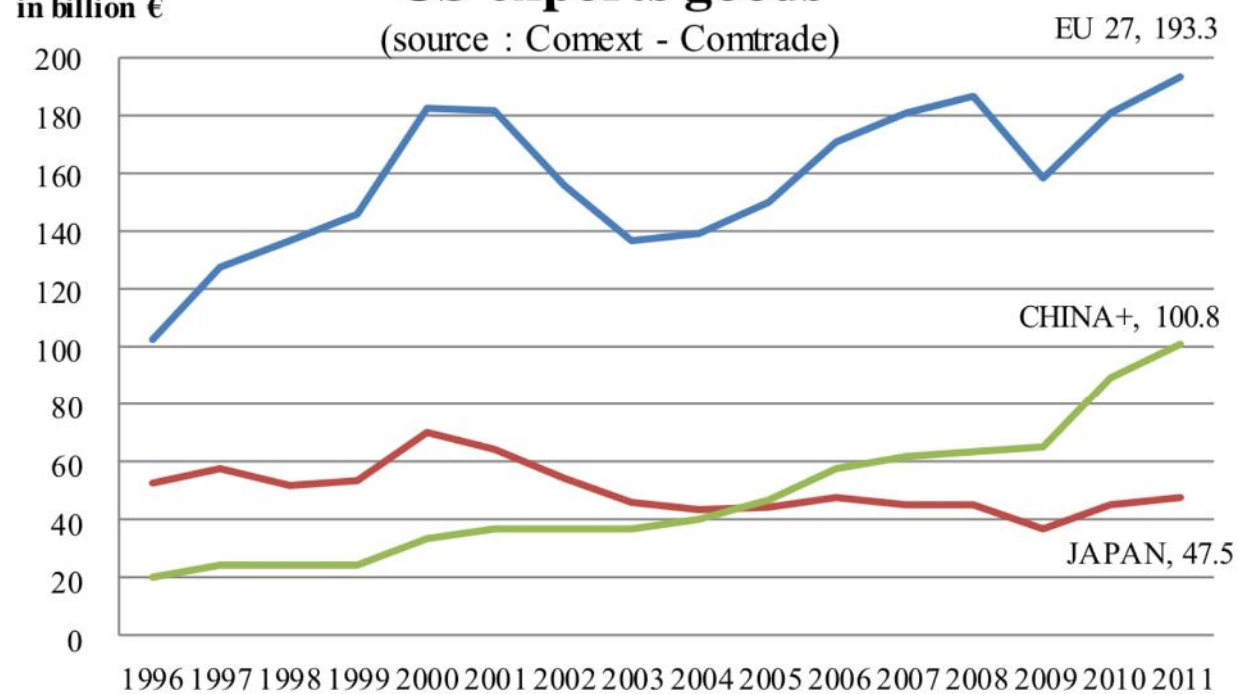
in billion €



US exports goods

(source : Comext - Comtrade)

in billion €



THE TRANSNATIONALISATION OF CAPITAL

- Modern form of the international movement of capital flows is the transnationalisation of capital. Western European countries are the leaders in this process. Analysis of the correlation of forces in 1000 largest transnational corporations in Europe and the U.S. show that the 1st place in terms of controlled assets belongs to the EU. At the end of the XX century assets of TNC largest European countries amounted to \$ 9.3 trillion (including the United Kingdom - 2.1 trillion dollars, France - 1.9 trillion dollars, Germany - 1.7 trillion dollars, Netherlands - 0.8 trillion dollars, Italy - 0,6 trillion dollars, Spain - 0.5 trillion dollars, Belgium - 0,4 trillion dollars, Sweden - 0,3 trillion dollars) compared to 7.4 trillion dollars from US corporations.

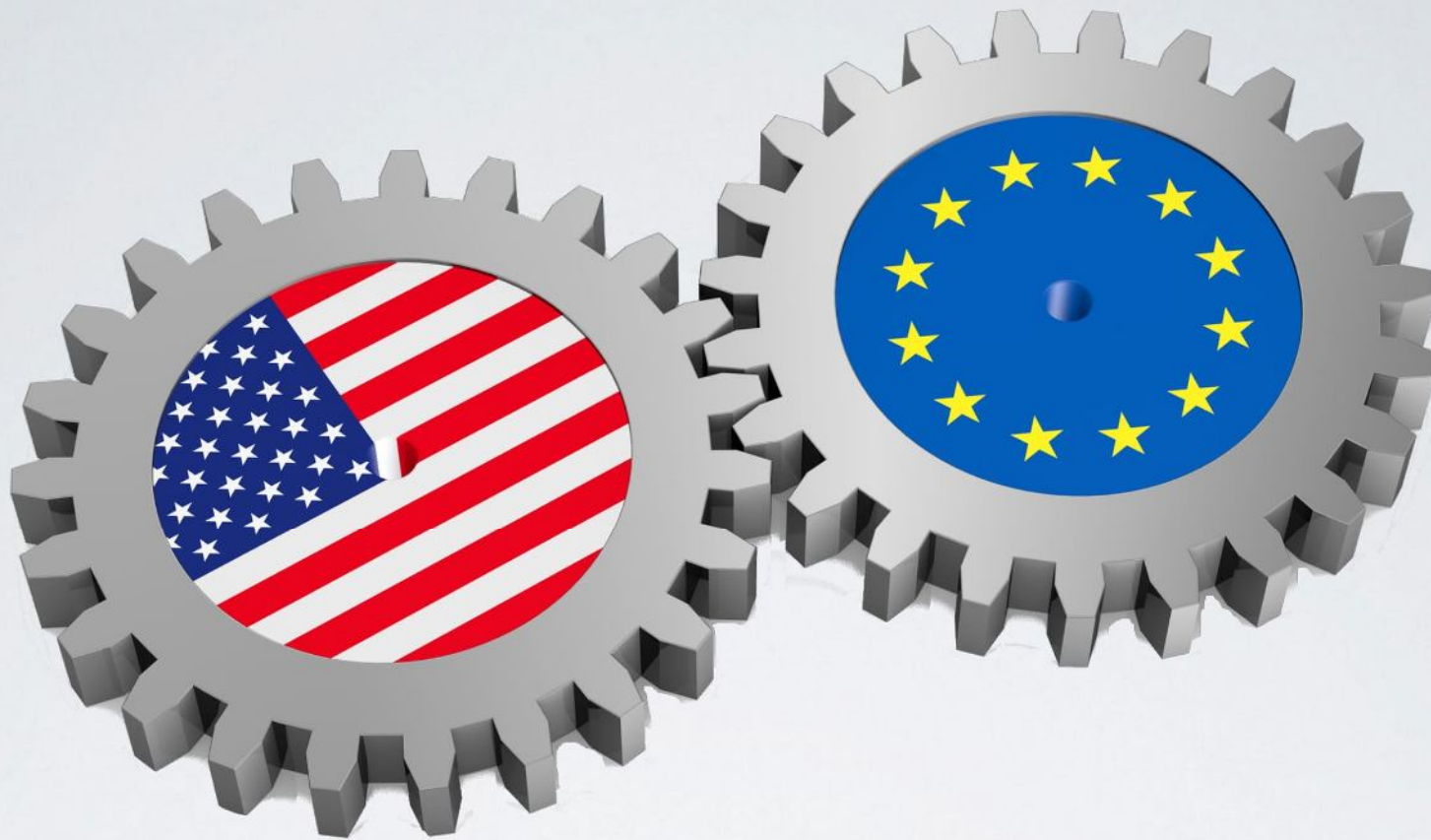
A TOUCH OF HISTORY

- European integration processes began to exert great influence on the development of economic links between Western Europe and the United States. Formation of the European Union strengthened the U.S. - European trade. Thus, over the period 1960-1997 European exports to the United States (in current prices) rose from 48.2 billion dollars to 2.0907 trillion dollars and imports - from 52.4 billion dollars to 1.9781 trillion dollars. In 1997, the US share of exports from EU countries was 7.5%.

"The Americans are from Mars,
the Europeans - from Venus"

Robert Kagan

- Old and New Worlds always had controversy not only in some specific issues, but also in relation to life in general. Government spending (and consequently taxes) in Europe constitute about half of GDP, whereas in America - about one-third. In Europe, there are stronger social security systems, trade unions and the labor market is more regulated. In the United States, on the other hand, cultural traditions, reflected in the law on bankruptcy and financial structures, are more the concern about entrepreneurship than in Europe. However, many Europeans condemn inequality and insecurity as the price that must be paid in America relies mainly on market forces.



BONES OF CONTENTION

BONES OF CONTENTION

- Banana wars
- U.S. steel tariffs
- Boeing and Airbus subsidies
- Beef war
- Genetically modified food
- Defence contracts
- Attitude towards the People's Republic of China
- Rendition
- Death Penalty
- International Criminal Court
- Arab - Israeli conflict
- Iran's nuclear program
- Iraq war
- Kyoto protocol
- Visa waiver reciprocity
- Spying

INTERIOR U.S. CONFLICT

- The sphere of foreign trade is still an arena of serious political struggle in the U.S., both in Congress between Democrats and Republicans, as well as between different American business lobbying organisations and trade unions. In the ongoing debate on the issues of U.S. foreign trade policy at the legislative level the three most influential groups can be recognised: trade liberalisers, „fair trade” supporters and skeptics.

A KEY TO THE FUTURE

How would the relations
between the EU and the U.S.
look like in the future?



THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP)

elements, negotiations, advantages, challenges, controversies

THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP)

- The Transatlantic Trade and Investment Partnership (TTIP), that is presently being negotiated between the European Union and the United States, is a trade agreement, which aim is to remove barriers across several economic sectors in order to buy and sell products between both the EU and the US more easily and conveniently.
- As a result, it would boost investments, hence growth and additional jobs would be generated.



MAIN ELEMENTS

- market access, removal of market duties on goods and restrictions on services, extension of access to public market, facilitation of investments
- improvement of regulatory coherence and cooperation by removal of unnecessary regulatory barriers
- improvement of cooperation in case of international standards' establishment

ADVANTAGES

- It is estimated that thanks to the agreement the EU economy would grow by **€119 billion per year**, while the global one is forecast to acquire extra **€100 billion** due to the increase in transatlantic trade. Moreover, European companies efficient in the area of services would be granted **an access to the new market.**

NEGOTIATIONS

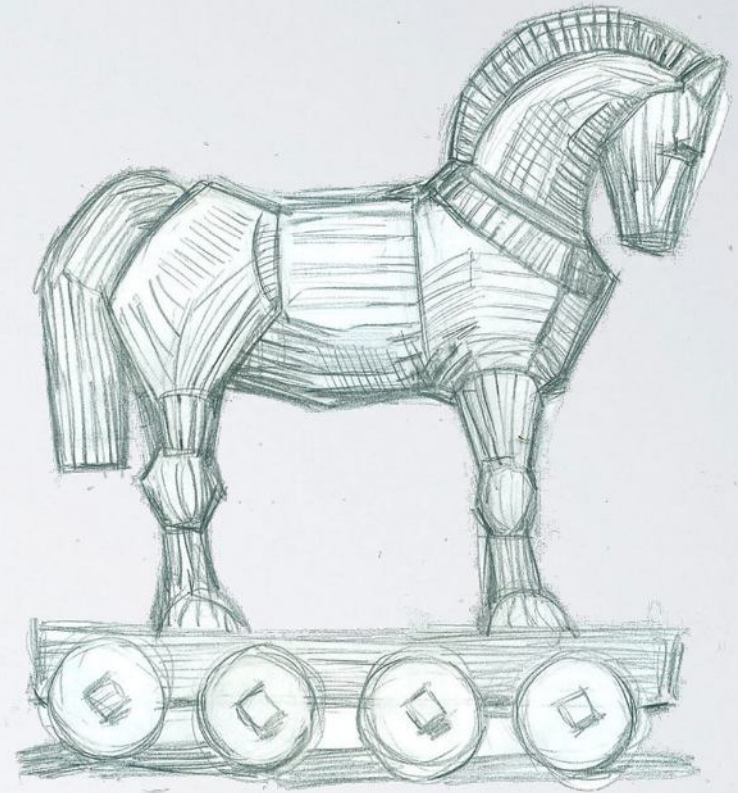
- Negotiations are carried out by the European Commission on behalf of all 28 EU Member States, while the US is represented by the United States Trade Representative (USTR).
- Elements of negotiations:
 - regulatory alignment - same regulations would cut costs on exports and therefore boost trade
 - services and public services - equal treatment of foreign and domestic private service providers
 - protection of investment - fair treatment and lack of discrimination of foreign firms in comparison to the domestic counterparts
 - involvement of public - encouragement of the flow and exchange of information

CONTROVERSIES, CHALLENGES & HIDDEN MOTIVES

- activism
- transparency
- economics growth and the supersession of national regulatory powers
- national sovereignty and Investor State Dispute Settlements (ISDS)
- national objections
- change of law requirements
- geopolitical game

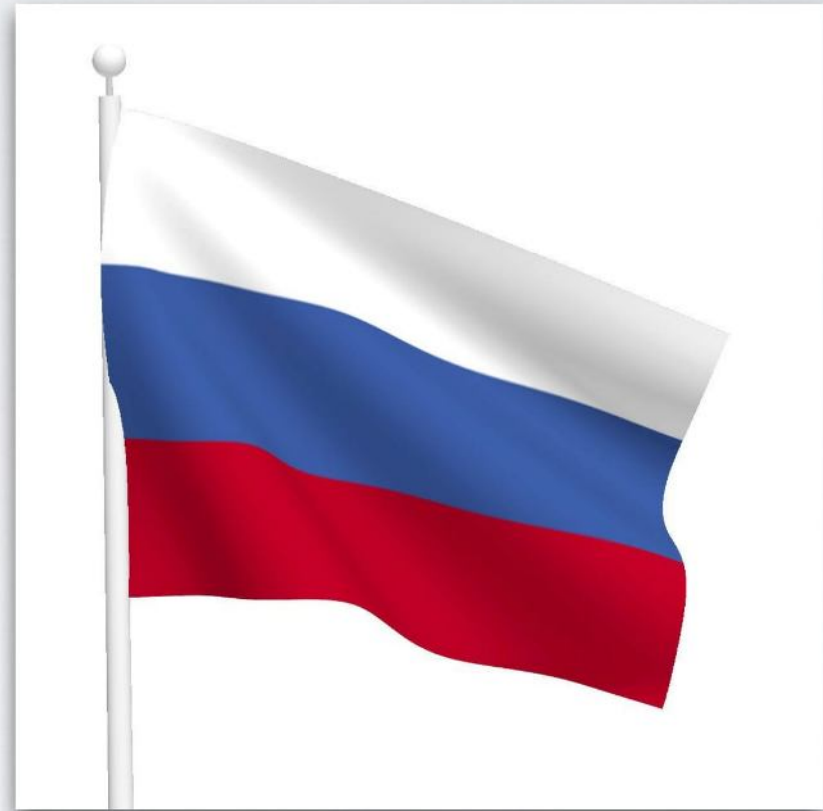
THE TROJAN HORSE

The secrecy of negotiations is often compared to this Greek symbol of dangers.



THE ALTERNATIVE VIEW

U.S. opponents claim that the agreement is another trial to destabilise the current world order and to minimise the role of Europe in the global economy.



SUMMARY

- Taking a dive into the history, the alliance between the United States and Europe was kept in place by a common sense of a shared enemy for over a half of century. It was a shared mission for both of them, which was never under any dispute. Twenty years after the collapse of the Soviet Union and the end of the Cold War, a need for a new mission appeared in order to maintain the status of the relationship, which seemed to lose on significance.
- Now, Europe in a form of European Union and the United States struggle together to find logical solutions to shared foreign policy problems. Because of the long joint history of the alliance, it can be predicted that the collaborations would happen more often than just occasionally. Especially now, the transatlantic partnership is more crucial than ever, as it seems to be the only way to exert political and economic pressure on Russia, rising China and other emerging countries to comply with the international law and engage them in a common responsibility for a global leadership.
- That is why, even despite the big differences between the allies, their partnership is expected to last, as two biggest powers in the world need to hold together in order to maintain the global status quo.

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