

Transatlantic trade negotiators should own up to their ambition

Pascal Lamy [Author alerts](#)

Consumers fear the transatlantic pact will cost them their safeguards, writes Pascal Lamy



American cars have bigger bumpers than European ones. That may sound like a trivial detail but it, and others like it, have big ramifications for diplomats charged with negotiating a trade agreement between the US and the EU. Opening up markets once meant removing barriers that protected domestic producers from foreign competition. Authorities in Europe and America have given the impression that the [Transatlantic Trade and Investment Partnership](#) is just another trade agreement of that kind. In fact, the proposed agreement is a different beast. Most old-fashioned barriers have already disappeared. [Trade negotiators](#) are focusing instead on removing discrepancies between the regulations in force in the American and European markets. These talks are no longer about removing protections; they are about harmonising precautions that prevent harm to consumers.

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- Robert Zoellick [Germany and freedom](#)

The political economy of this sort of endeavour differs from those of past negotiations. When you work to reduce tariffs, consumers praise you for lowering prices while producers complain that you have stripped away their protections. Things are different when we start talking about regulatory harmonisation. Producers are excited by the prospect of such measures, which could have serious implications for medicine, food, financial products, vehicles – everything. But they make consumers anxious because they fear it means giving up the precautionary safeguards from which they benefit.

How do we come up with a mutually acceptable approximation of American and European regulations that have the same purpose but do not always safeguard consumers to the same extent or in the same way? This is serious politics – far more difficult than horse-trading over tariffs. The Europeans have been dealing with this challenge ever since they set about creating the single European market in the mid-1980s. Failing to make clear that the TTIP negotiations, too, are about regulatory harmonisation was a huge blunder. Negotiators need to be transparent if they are to calm public suspicions.

Another political obstacle lies in the plan to allow investors to sue governments under the pact if they feel local laws threaten their investment. The negotiators seem to have forgotten about the anti-globalisation activists. This loud minority is managing to convince consumers they will [have to eat chlorinated chicken](#) and genetically modified food, and that US data privacy laws will be foisted on them. Introducing potential investor-state disputes to the mix adds to this sense of distrust.

Both sides also underestimated the change in German public opinion. When I was the EU trade commissioner, from 1999 to 2004, the German public could be counted on to support greater trade openness. But recent polls suggest that Germans trust America far less than they did – a bad omen for a pact that would require them to put their faith in US regulators.

How can we put TTIP back on track? We need to embrace transparency. We must explain, frankly and openly, that 80 per cent of these negotiations deal with a realm of regulatory convergence. We must recognise that, while we might reap some early harvests, this is a long-haul project. If investor-state disputes are to be allowed, a much better case for them must be made. When there are differences in regulation, negotiators should say either that they will not touch each other's rules or that they will both adopt the most stringent of the existing safeguards.

Finally, both sides should leave open the possibility of TTIP being widened to include other interested states. If the EU and the US overcome these obstacles and put the agreement back on track, then they stand to establish global regulatory benchmarks that will help to achieve the promise of open trade.

The writer is a former director-general of the World Trade Organisation and European commissioner for trade