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The Transatlantic Trade and Investment Partnership – a View from America's Trenches

Abstract

Expectations run high about the cornucopia of riches which are supposed to flow from the Transatlantic Trade and Investment Partnership (TTIP). TTIP is a proposed free trade agreement between the United States and the European Union. It aims to build upon the already sweeping scope of the North American Free Trade Agreement concluded two decades earlier and the 2013 Comprehensive Economic and Trade Agreement (CETA), which removes 99% of tariffs between the EU and Canada.[1] The TTIP negotiations were launched in July 2013 with an initial time frame of completion within two years.

It is too early to pass judgment about the benefits of the deal simply because its scope is still being framed as of this writing. However, it's possible to shed light on the most likely sticking points during the negotiations, particularly those seen from the U.S. negotiating side. Likewise, it's not too early to draw up interests and concerns of U.S. business. Both are discussed in this paper.

The first section takes stock of the likely scope of negotiations. The second section summarizes the view of business gleaned from a survey of corporate executives. The survey was conducted among members of the Manufacturers Alliance for Productivity and Innovation, an education forum for senior managers of large industrial companies.

Keywords: TTIP, international negotiations, corporate executives survey
JEL: F1, F2, F4, F5

Scope of Negotiations

Background

The EU and the U.S. embarked on the TTIP negotiations following recommendations by the EU-U.S. High Level Working Group on Jobs and Growth issued in February 2013. The report noted that a broad agreement spanning trade, investment, and regulation would be feasible and would offer substantial benefits. The gravitas of trade as an engine of growth propelled both parties to seek an agreement.

The share of U.S. foreign trade in world trade has contracted in recent years (Figure 1). The proportion of American imports in global imports fell from 26% in 1999 to just over 15% in 2011 while the share of U.S. exports in global exports fell from 18% to just 11% during this period. The fall in the respective shares in the EU was not as steep but still pronounced; the share of EU imports fell from around 19% to 16% and the share of EU exports dropped from 19% to just over 15%.

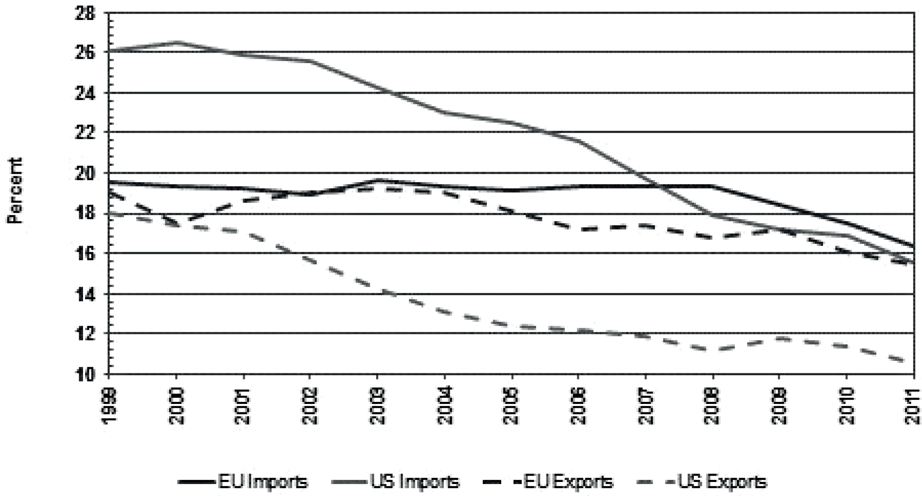
On the other hand, trade has been a growing contributor to American economic growth, income, and jobs over the past decade. U.S. global exports rose almost 50% between 2008 and 2012 – almost four times the rate of the economy as a whole. A third of American GDP growth can be traced to exports.

Expected Gains

As the scope of TTIP is unknown, it is difficult to estimate the returns from the agreement. The tariff cuts cannot be predicted and both sides will strive to exclude certain sectors or planks from the deal. According to a London-based CEPR 2013 study, gains from increased trade would translate into annual GDP increases between $50 billion and $100 billion, depending on how ambitious the agreement's outcomes are.[2]

In the Brussels-based ECIPE study, static gains from a zero-tariff agreement come out to 0.01% of EU GDP and 0.15% of U.S. GDP. Dynamic gains (productivity improvements and trade facilitation costs) were estimated at 0.32–0.47% of EU GDP and 0.99–1.33% of U.S. GDP. The actual accord will almost certainly feature carve-outs, partial implementation, and phase-in periods.

FIGURE 1. **Share of National Trade in World Trade**



Source(s): UNCTAD, Eurostat and MAPI.

Public Sentiment

A 2014 survey commissioned by the Atlantic Council and the Bertelsmann Foundation found higher satisfaction with the transparency of negotiations among Americans (70%) than Europeans (55%). Most Europeans say they lack quantitative arguments in favor of or against the agreement. The three most pressing issues judged by audiences on both sides of the Atlantic were elimination of tariffs, convergence in standards for manufactured goods, and regulatory convergence across multiple sectors.

Market access for genetically modified organisms and related agricultural barriers were deemed relatively unimportant but considered the most difficult to overcome in the negotiations. According to a Pew Global Attitudes Project, only 60% of Americans in 2010 considered trade to be a good thing, compared with 79% of the French, 84% of Britons and Poles, and 90% of Spaniards and Germans. On the other hand, by 58% to 28%, Americans believe that increased trade with Europe would be advantageous for the United States.

A 2014 Pew report stated that by 53% to 20%, Americans think TTIP is beneficial for the country; Germans answered similarly for their nation (55% to 25%). On the other hand, Americans and Germans trust their own regional standards. By a margin of 30 to 1, Germans trust European standards in auto safety, by 28 to 1 in data privacy, 48 to 1 in environmental safety, and 47 to 1 in food safety. By a margin of 5 to 3, Americans trust U.S. standards in auto safety and data privacy, by 11 to 5 in environmental safety, and by 3 to 1 in food safety.

Congress and Political Issues

The gist of the U.S. government's approach to negations can be gleaned from the factsheet published by the Office of the U.S. Trade Representative; it is too soon to claim that Congress shares these positions. The political obstacles around the negotiations are formidable. Any regional agreement – and TTIP is mega-regional – is bound to distract from multilateral talks and alienate some trading partners.

On the EU side, elections to the European Parliament in May 2014 have voted in more representatives of parties skeptical about further integration and possibly TTIP. Domestic politics in several member countries, such as France, the Netherlands, and the UK, have recently cooled toward the European project. The negotiations may become hostage to a single country's intransigence or a veto over carve-outs, such as trade in audiovisual services sidelined from talks by France or of financial services excluded by the United States. Similarly, vocal minorities in select countries may try to weaken internal cohesion within the EU and thus lower the overall ambition.

On the U.S. side, pressure from some states over local interests may equally soften the national resolve. The 2016 presidential election may diminish the momentum for concluding the agreement, while Republican gains in House and Senate elections in coming years could stymie congressional support for TTIP; according to a Pew report, 60% of Democrats but only 44% of Republicans back the TTIP agreement. Sugar subsidies and quotas shield competition and keep prices elevated and while economics favors change, domestic politics prefers the status quo.

In Europe, aversion to GMO plants and seeds runs deep. Domestic European politics are infused with an emotional refusal to accept GMOs. Facts and science may not overcome public misperceptions about presumed harm.

The United States insists on excluding financial oversight from the agreement, which stems from the experience of the Dodd-Frank bill. Congress has the ultimate authority to regulate commerce with foreign nations, and thus the administration needs congressional consent to negotiate TTIP. Without "fast track" (Trade Promotion Authority) – giving the administration large leeway in negotiations without congressional oversight – talks would not advance much. While fast track is not required to negotiate or conclude a free trade agreement, granting the privilege suggests congressional confidence in the thrust of the administration's arguments. As of June 2014, Congress had not granted the administration this authority.

Negotiations will focus on three broad areas:

- Market access that captures tariffs and non-tariff barriers to trade affecting goods, services, and investment flows.
- Regulations and standards that refer to non-trade costs of conducting business across borders.
- Common rules that bear upon trade, investment, laws, state-owned enterprises, intellectual property, and other intangibles. All of them facilitate doing business in general, and international business in particular.

The final agreement will almost certainly fall short of expectations and take longer than two years. Compromises will have to be struck on some issues in order to advance and close other chapters.

Tariffs on Goods

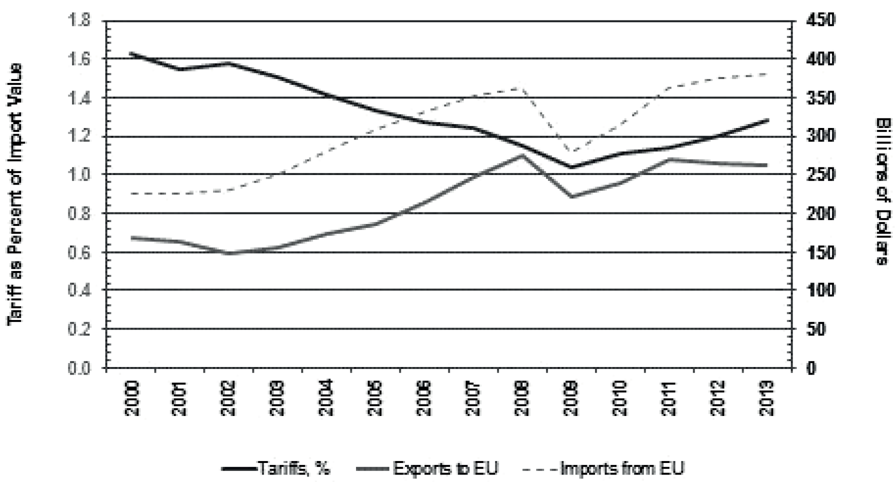
Tariffs on goods are generally higher when importing into the EU than into the United States. Exceptionally high tariffs cover similar types of goods when imported into the respective areas, namely textiles, apparel, fish, beverages, and confectionery and dairy products. The U.S. government is realistic about the phased-in nature of many tariff reductions. Transition periods will vary in length, with some possibly spanning multiple years.

Tariffs on imports from the EU are among the lowest of U.S. trading partners and have been on a downward trend over the past decade (Figure 2). From just over 1.6% of import value in 2000, they fell to just over 1% by 2009, then inched up 1.3% by 2013. During the same period, trade volumes kept growing, except for a temporary dip in 2009 caused by the global Great Recession.

One problem area is high tariffs on sugar imported to the U.S., a market that enjoys strong protection in Congress. Lowering tariffs on dairy products imported by the EU will face stiff opposition from select European countries with entrenched agricultural lobbies.

It is possible that public opposition to fully liberalize trade will grow as negotiations proceed. For example, only minorities of Americans and Germans back full elimination of duties and tariffs. Support in some states is likely to be lower.

FIGURE 2. **Trade Volumes and Tariff Burden on U.S. Imports with the EU28**



Source(s): U.S. International Trade Commission and MAPI.

Services

Trade in services makes up about 70% of output, and exports constitute a sharply rising share of nationally produced volume of services for both partners. The EU is the top destination for American services, with about a third of the overall volume of service exports. The country's services balance has been positive for well over a decade and the surplus is steadily on the rise. In 2012, net exports of services to the EU reached $53 billion according to the Bureau of Economic Analysis.

Trade in services is a natural complement to trade in goods. As specialization and global supply chains gain in importance, engineering, design, R&D, testing, transportation, and finance follow the flow of merchandise across borders. Given large stocks of foreign direct investment on both sides of the Atlantic, intra-company trade in goods and services is significant.

Some members of Congress supported including financial services in TTIP while others argued for exclusion. The administration has been bent all along on excluding financial services because their international nature calls for global regulatory standards. The Dodd-Frank Act sets a high bar for consumer protection and bank supervision; both are currently more stringent than those agreed upon by the EU. It appears as of this writing that financial services will be excluded from the agreement.

Europeans place high emphasis on treatment of service providers, specifically for border crossings. Trade in highly sophisticated goods requires maintenance and warranty work performed on-site and personnel often need to be sent on short notice. Without speedy processing of visa and work permits, timely customer service may be compromised. Visa and work permit regulations fall under congressional oversight – a potential complication.

The U.S. is likely to emphasize competition and clear rules on monopolies and state-owned enterprises, both of which have been known to stifle competitive pricing. The American side will likely argue against imposing customs duties on digital products and discrimination of products delivered electronically. Business practices, culture, and diffusion of high-tech products divide the two sides of the Atlantic when it comes to understanding and legislating privacy.

Regulation

Mutual recognition and harmonization are two channels through which to align regulation. The former is best applied to existing technologies and standards and the latter toward future regulation. Mutual recognition agreements stipulate single testing for universal acceptance in both markets; existing agreements cover telecommunications equipment, medical devices, and civil aircraft. Harmonization is most advanced in electrical vehicles and nanotechnology – both nascent markets with universal appeal for standardization.

It is inevitable that sector-by-sector negotiations will slow the overall pace. The greatest concerns registered so far on both sides of the Atlantic come from stakeholders in chemicals, cosmetics, cars, pharmaceuticals, medical devices, foodstuffs, and, to some extent, textiles. The U.S. is likely to insist on WTO rules to anchor its position, giving it more cover for sticking points. Equally important is insistence on scientific evidence to negotiate away sanitary and phytosanitary restrictions, permits, licenses, and quotas.

Government Procurement

Both sides are eager to ease access to each other's government contracts. Nonetheless, problems remain. In the EU, procurement of utilities is restricted to EU majority-owned providers. In the U.S., the Berry Amendment restricts access to non-American suppliers of military gear while the Buy American Act discriminates against non-U.S. vendors in government contracts. States have no obligation to follow federal guidelines and commitments in procurement policy, a hindrance to the EU's interest in greater access to state-level procurement.

Intellectual Property Rights

While both parties subscribe to the WTO agreement on protection of intellectual property, differences remain. In 2012, the European Parliament rejected the Anti-Counterfeiting Trade Agreement, which had been signed by the U.S., several other countries, and the EU Commission. The European Parliament's debate focused on the part of the agreement governing sharing copyrighted content over the internet. It presages difficult negotiations that might touch upon internet freedom and free speech. Given that IP-intensive industries are a high-growth area of the economy, it's fair to expect the U.S. to insist on robust enforcement of old or new standards.

In the area of geographical indications, disputes center on differing philosophies. The U.S. side prefers that the appellations be treated as trademarks, whereas the EU favors lists of specific products and regions that are then subject to protection. American negotiators might insist on tighter involvement of the entire distribution chain for digital rights protection. On the other hand, the EU could stress consumer rights when discussing content of digital products. Patent disputes are likely to involve linkages of new patents tied to old ones as well as patent terms and extensions.

Investment

The core position of the U.S. centers around national treatment, clear rules on compensation and expropriation, ease of conducting financial transactions linked to investment, and avenues for arbitration. The EU largely shares these precepts although so far they have been enshrined only in existing bilateral treaties. Investment protection in the EU as a single counterparty is bound to be contentious.

One likely problem area will be the investor-state dispute settlement (ISDS), which has emerged as an early sticking point on the EU side. An ISDS provision grants a private investor the right to seek redress from a sovereign government for discrimination, unfair treatment, expropriation etc. Such terms are found in bilateral investment treaties and some multilateral trade agreements. Public opinion in many EU member states has turned against the inclusion of ISDS in the treaty on the grounds of abuse of power by large corporations at the expense of sovereign states.

Other Negotiating Issues

The U.S. will insist that state-owned enterprises be treated on commercial terms, subject to relevant antitrust and competition laws, with the key concept being a level playing field. Anticorruption clauses are often found in foreign investment or government procurement contracts. Transparency in publishing relevant laws, regulations, and administrative rulings will be the starting point here. When it comes to dispute settlement, the aim is to establish routines of identification and early consultation between the parties to ensure a fair and open settlement mechanism. It's not certain how WTO rules come into play where they overlap with those struck under TTIP.

MAPI Survey Results

Key Findings

In this survey, completed in early 2014 by 70 executives representing large U.S. global manufacturing companies, respondents shared their perspectives on how TTIP could affect their businesses (the actual questions along with graphical representations can be found in the appendix). The most represented industries are chemicals and pharmaceuticals, consumer products, and electronic and other electrical equipment and components.

Europe emerges as the top market for U.S. manufacturers, both when measured by the average score as well as by the strength of the top vote. This appears somewhat surprising, given that North America dominates trade and investment flows on a per-capita basis.

Less surprising is the finding that the three most important economies for respondents' businesses in Europe are Germany, the UK, and France. The five largest economies of Europe match the top five markets of importance to U.S. manufacturers. 94% of respondents named Germany as the most important economy, ahead of the UK. Germany appears to enjoy twice the heft of France and more than five times that of Italy as a favorite market among American manufacturers.

Respondents are very optimistic about the European business environment. Just under half stated that over the past five years their business with Europe has improved and 77% feel that over the next five years they will see increased business with Europe.

Seventy-one percent of respondents report being aware of TTIP negotiations. However, sixty-two percent of companies are unsure how TTIP will influence their operations while 38% think the accord has the potential to be beneficial. The fact that three-fifths can't put their finger on whether the deal will benefit or harm them speaks volumes about the difficulty of quantifying the costs and benefits. No one expects to become worse off if TTIP is enacted, confirming the industrial sector's general support for free trade. These answers are in line with the unfinished scope of the accord. Much of the reporting on the negotiations in mass media focused on popular opposition to the accord rather than on substantive analysis of its merits or demerits.

Almost a third believe that TTIP will mostly influence their trade (rather than investment or both trade and investment) with the EU, though 46% don't know how their operations will be influenced. This implies that regulation and behind-the-border obstacles weigh more heavily than investment-related non-tariff barriers. Perhaps that's because previous free-trade agreements were much less comprehensive and covered mostly trade flows. This would also explain why trade and investment in goods loom larger than those in services. In a reflection of forward-looking attitudes, respondents reported that their ideal outcome of the accord would be regulatory harmonization and tariff reduction.

The respondents are predominantly manufacturers of goods, although provision of related services has gradually gained in importance for the bottom line. The climbing heft of services is reflected in the 29% of respondents who named both goods and services as being important to their operations in Europe.

Regulatory convergence trumps standards harmonization in importance to those manufacturers who participated in the survey. Just under two-thirds of respondents named tariff reductions as relevant, recalling sensitivity of price changes in a highly competitive marketplace that straddles the Atlantic.

The precautionary principle and risk assessment are two different approaches to public policy that manage risk in environmental protection, health, and product safety.

The precautionary principle refers to activities, goods, or services that could cause harm but whose probabilities of risk and harm are undefined. The originator of risk takes preventive action in the face of this uncertainty and assumes the burden of proof that the activity will ultimately be safe. The precautionary principle rests upon avoidance of potential harm despite lack of scientific certainty as to the probability, scope, or sources of that harm. In the EU, the precautionary principle is enshrined in case law, treaties, Council resolutions, regulations etc.

Risk assessment refers to a process of analyzing risk through information, data, and statistical estimates. It reveals potential risks through stepwise testable hypotheses. If the precautionary principle rests upon the premise of "how little harm is possible?" then the risk assessment approach rests upon the premise of "how much harm is allowable?" Under a risk assessment regime, regulation is justified only if extensive factual records and proof point to significant risks. It is less concerned with values and more with the scientific process. Risk assessment is the fundamental norm of the U.S. legal culture.

TTIP could potentially force companies with operations in Europe to adopt this principle. Forty percent of companies feel that such an extension would negatively affect their business while 43% of companies are unsure. The precautionary principle is seen as doing more harm than good by a margin of four to one for U.S. companies conducting business with the EU. The large share of those who profess not to know the impact probably reflects the narrow potential scope that predominantly affects pharmaceuticals, chemicals, foodstuffs, and the protection of the environment.

A series of questions delved into respondents' assessment of ease of doing business in the EU. The respondents' biggest impediments turned out to be labor laws and labor costs. Economic growth and income levels as well as product regulation are also major concerns. These impediments are most stringent in France, Germany, and Italy. Tariff and tax rates and laws – a cost burden to the bottom line – rank right below labor costs and laws in importance to U.S. manufacturers. Government-related impediments, such as subsidies, law enforcement, and procurement issues score low on the totem pole, underscoring common legal obstacles to doing business in both the United States and the EU.

Four out of the five largest economies that rank as the top economic partners of the United States score as the most difficult places to do business in Europe. Aside from Russia, no Central Europeans are mentioned by name. The UK – a large and important partner – does not figure prominently in the ranking.

A substantial majority (94%) of respondents are not familiar with the Investor-State Dispute Settlement. Of those who answered in the affirmative, the votes are split on whether the ISDS would be beneficial or detrimental to their operations.

A majority of respondents feel that access to EU government contracts and procurement is not important. Of those who do work with EU governments, 90% work with the UK, 70% work with Germany, and 30% work with France. Most respondents report uncertainty as to whether there is a level playing field between private firms and state-owned enterprises in the EU.

Government contracts appear to not play an important role for three-fifths of survey participants. For every tenth respondent, however, government business ranks very high, reinforcing the gravity of government procurement in TTIP negotiations for a select group of stakeholders.

As to competition between private firms and state-owned enterprises, fewer than one in five respondents reported that SOEs distort competition in the EU marketplace while the same number reported the opposite. The large number of undecided companies points toward an EU marketplace that is harder to read than the private sector–dominated American economy.

EU data protection laws don't apply to 68% of responding respondents while 24% find those laws to be a hindrance to their EU operations. On the other hand, the large number of respondents for whom the data protection laws don't apply points toward a limited scope for aggregate harm. Those respondents who claim that data protection laws are a hindrance also named countries that hinder them the most. These are Germany, Belgium and France.

Two thirds of respondents believe that the EU properly protects IP in its jurisdiction. Given that almost all other respondents are unaffected by IP rights, it's fair to claim that EU IP protection already delivers extremely high value to American businesses.

Only 15% of responding companies report having contacted a trade association, legal service, export broker, consultant, or other stakeholder (including peers and colleagues) to discuss TTIP. Very few companies have engaged a lobbyist to support their interests regarding TTIP.

The vast majority of U.S. manufacturers find media coverage of TTIP to be wanting. Considering that the stakes for U.S. business in the success of TTIP are high, there is a definitive need to increase the public debate. These data correlate with other surveys finding similarly low awareness or interest in the negotiations among a wider public.

Conclusions

Compelling trade and economic arguments in favor of the proposed TTIP may have won over business and politicians, but the average American and European remains unconvinced. Complicating matters, Americans and Europeans remain far apart in terms of trust in each other's national standards. Initial enthusiasm for the agreement, based on geostrategic rhetoric and preliminary cost-benefit analyses, is gradually giving way to public mobilization against negotiating planks.

The European public's skepticism toward big data and GMOs is largely based on emotion, not facts, science, or technological progress. On the other hand, U.S. business skepticism toward the precautionary principle rests upon greater American mistrust in government regulation and greater entrepreneurial zest for risk than is the case in Europe. Both will be difficult to overcome.

United States is constrained by the constitutional separation of state and federal rights. How states adopt and implement those precepts of the federally-negotiated agreement that pertain to their remit remains to be seen. Solutions have been found in NAFTA which, along with CETA, could present blueprints for a compromise.

The one aspect of negotiations on which the American side will compromise little is freer trade in services. That's where the greatest potential for gains lies and where trade looms still small relative to goods. As production, distribution, and protection of digital products bears immensely upon future global trade and rules, the U.S. side is bound to stick to common sense and business fundamentals.

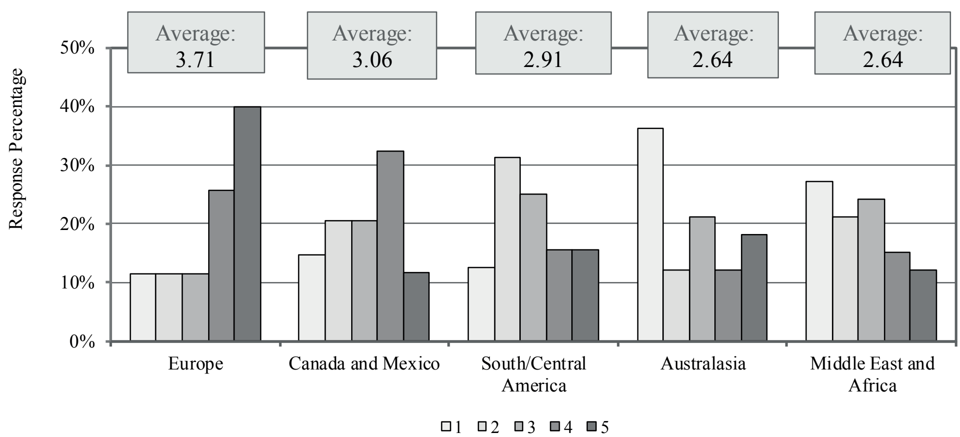
While the expectations about the accord remain high, one has to consider the two-year time frame for completion as very ambitious. Public opposition to free trade will only rise in both the United States and Europe in the next few years. A political backlash is already visible in the reluctance of Congress to grant the "fast track" authority to the president. In the EU, rising euro-skepticism marches hand in glove with a certain disdain for free trade and opposition to all things American.

All in all, carve-outs, partial implementations, and phase-ins are very probable as the negotiations enter its final stages.

Appendix – Questions and Answers from the Questionnaire

FIGURE 3. **Important Markets**

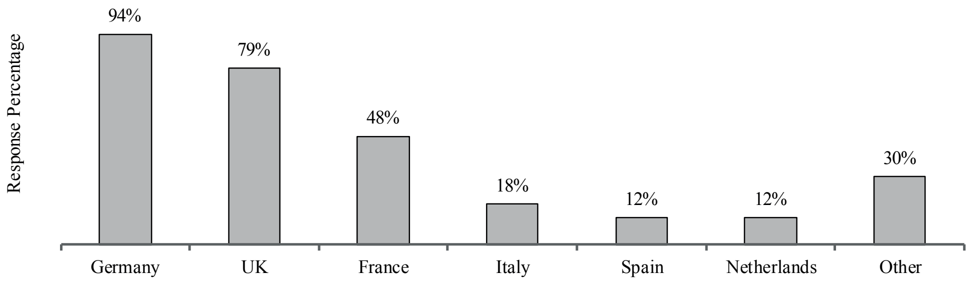
What foreign markets are most relevant to your company's bottom line? Please rank the following in order of importance from 1 to 5 (1 = least important and 5 = most important).



Source: own elaboration.

FIGURE 4. Locations of Business in Europe

What are the three most important economies for your business in Europe?



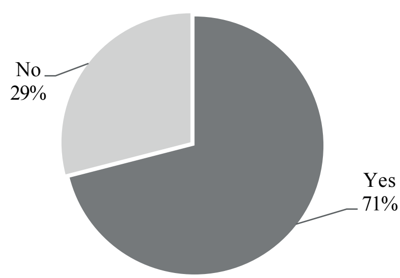
Source: own elaboration.

Other responses:

- Belgium
- Norway
- Holland
- Russia
- Serbia
- Switzerland
- Turkey
- Developing Eastern Europe (Czech Republic, Poland)

FIGURE 5. Trade Agreement Awareness

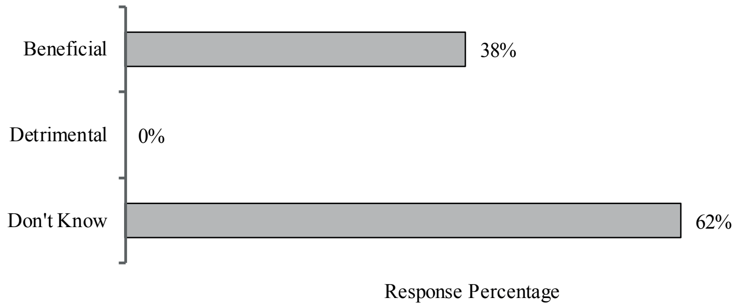
Are you aware that a Transatlantic Trade and Investment Partnership (TTIP) – a free trade agreement – is being negotiated between the U.S. and the EU?



Source: own elaboration.

FIGURE 6. Expectations of the Accord

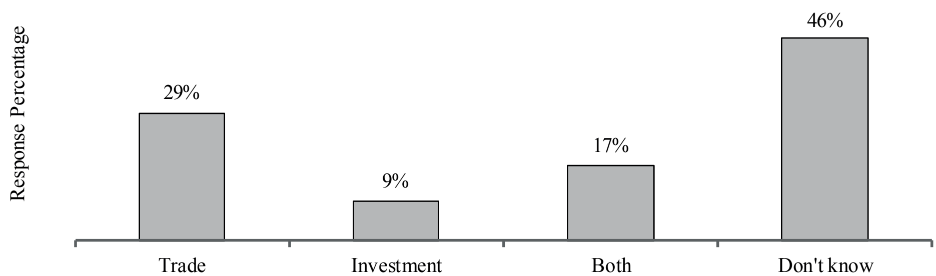
From your corporate point of view, if the accord is concluded, will it be beneficial or detrimental to your operations in and/or trade with the EU?



Source: own elaboration.

FIGURE 7. TTIP's Effect on Trade and Investment

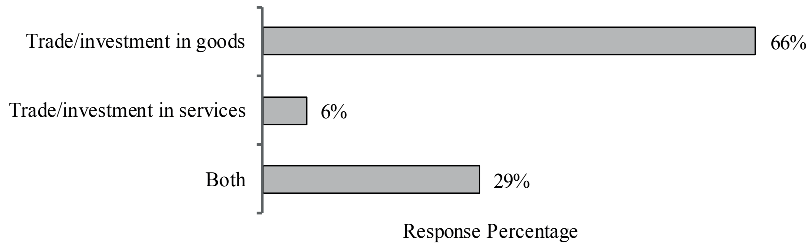
From your corporate point of view, if the accord is concluded, would it affect mostly your EU-related trade or investment?



Source: own elaboration.

FIGURE 8. Trade/Investment in Goods vs Trade/Investment in Services

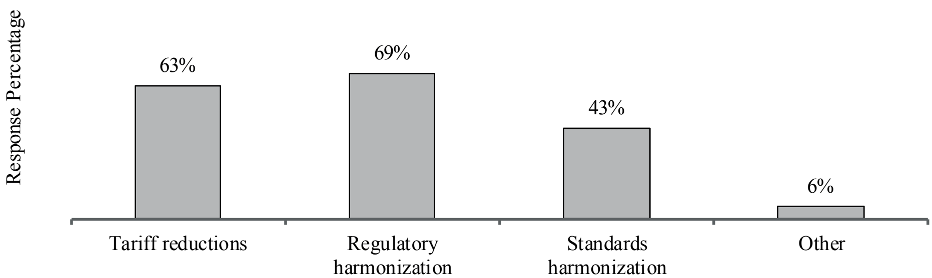
Whether your operations in the EU involve trade or investment, are your concerns focused mostly on trade and investment in goods, services, or both?



Source: own elaboration.

FIGURE 9. Importance of Regulation as Opposed to Tariffs

The accord will focus on tariff reductions, standards harmonization, and regulatory harmonization. Which are most important to your company's operations? (Please check all that apply).



Source: own elaboration.

Other responses:

- TSCA and REACH
- Taxes on repatriated cash

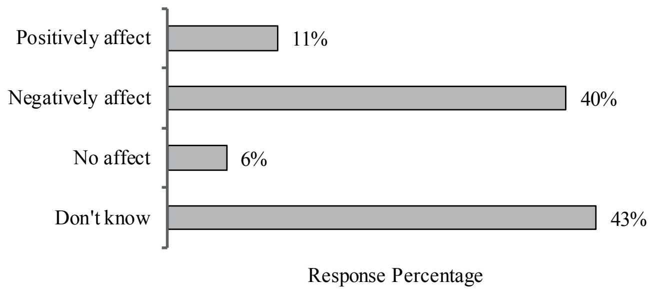
Regulations Facing EU Operations

If EU-based regulations and/or standards apply to your operations currently, please specify in what areas.

- Commercial aerospace and defense regulations
- Environmental, labor, safety, trade, banking
- Dual Use Goods, Wassenaar Arrangement, UK Anti-Bribery Act, and the EU/MX Free Trade Agreement
- Contact with food
- REACH
- Duty of 7% for glass fiber raw material imports
- ISO safety standards
- Pesticide regulation, agricultural policy
- Transportation equipment regulation
- Refrigerants and energy efficiency for compressors and HVAC
- Pesticides (use, import, export) and chemical manufacturing
- Ongoing application of the precautionary principle; its application in the EU has limited product options available in the marketplace, hindering innovation
- All – we are a diversified manufacturer in Europe
- CE standards for electrical components
- Genetically modified food ingredients ban
- Product safety (duplicate testing and need to design to conform to strictest standards CE and UL)
- IFRS vs. GAAP and its impact on repatriated cash
- Electrical codes and fire (firefighting) codes
- CE, DIN, E-Mark
- Safety certifications and building standards
- Electrical standards
- UK Bribery Act of 2010

FIGURE 10. **The Precautionary Principle and Risk Assessment**

Europe applies the precautionary principle to regulation while the U.S. has a precautionary approach through the use of risk assessment. How would extension of the precautionary principle to at least some American industries/technologies affect your business?



Source: own elaboration.

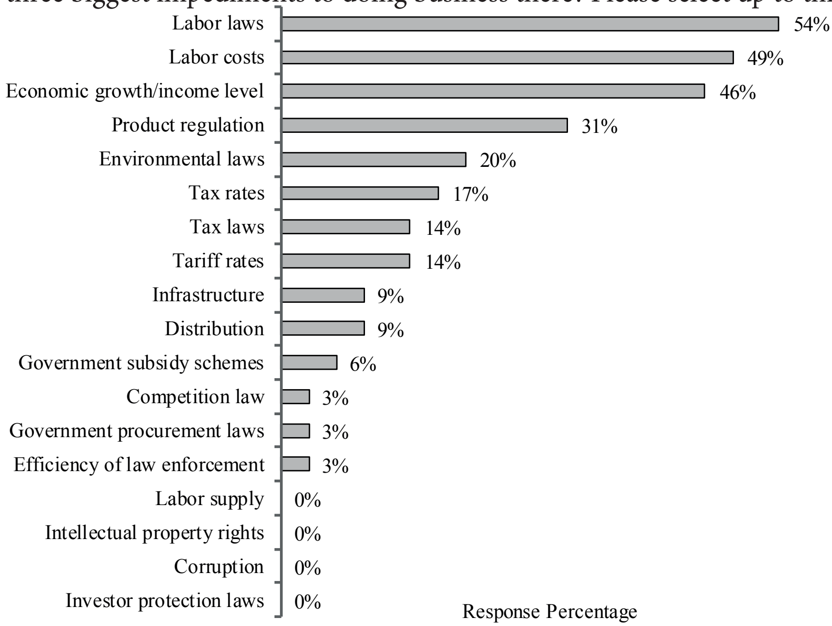
Ways in which Application of the Precautionary Principle Affected Business/Could Affect Business

How has the application of the precautionary principle affected your business? Alternatively, how could it affect your business?

- Extra expense on unsubstantiated risks, creating uncompetitive operating environment.
- Yes, although I wouldn't say dramatically.
- It's why REACH is so onerous.
- Caused loss of products that had good science showing safe use practice.
- Scientifically unsound evaluation and regulation would lead to limiting the approval and use of pesticide products.
- Application of the precautionary principle continues to punish the companies who invest in documenting the safety of their products compared with companies that choose to make no investment. It is better to have no information since regulation is based on hazard rather than risk.
- My experience is that the European regulatory and legal process is like a wet blanket on business and restrains European GDP, creativity, new product development, the entire business climate, and all the good that comes from free markets and free enterprise. I do not want to see this approach implemented in the U.S.; our current regulatory, tax, and legal environment is bad enough.
- We currently have to ensure compliance with both methods.
- Negative effects could arise in a wide variety of specific ways, but generally by raising costs for the risk of product liability and litigation and the costs of compliance on newly regulated issues. Positive effects could arise from regulation-induced requirements that favor our safety-oriented products.
- It could provide more opportunity for consultative services.

FIGURE 11. Impediments to Doing Business

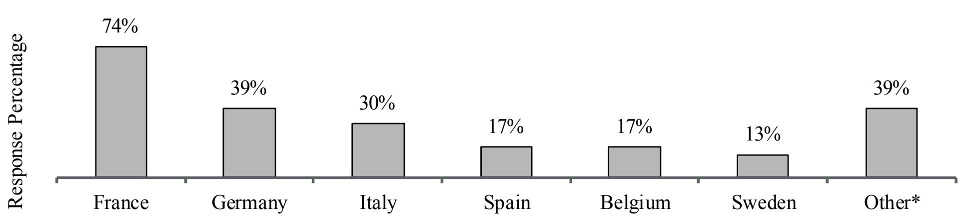
In your operations in the EU (whether as an exporter or local investor), what are the three biggest impediments to doing business there? Please select up to three options.



Source: own elaboration.

FIGURE 12. Countries Most Difficult to Operate in

For the impediments to doing business in the EU, what are the three most difficult countries to operate in?

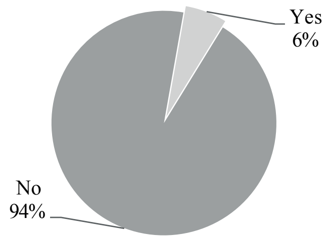


Source: own elaboration.

Other responses:
- Denmark
- Netherlands
- UK
- Portugal

FIGURE 13. Investor-State Dispute Settlement

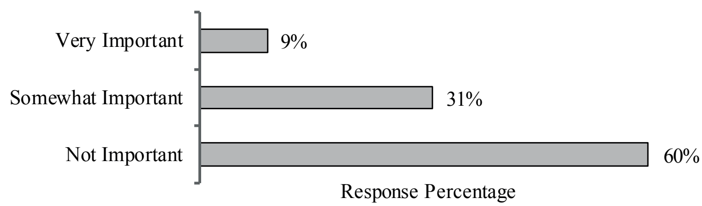
Are you familiar with the Investor-State Dispute Settlement (ISDS)?



Source: own elaboration.

FIGURE 14. Government Contracts/Procurement

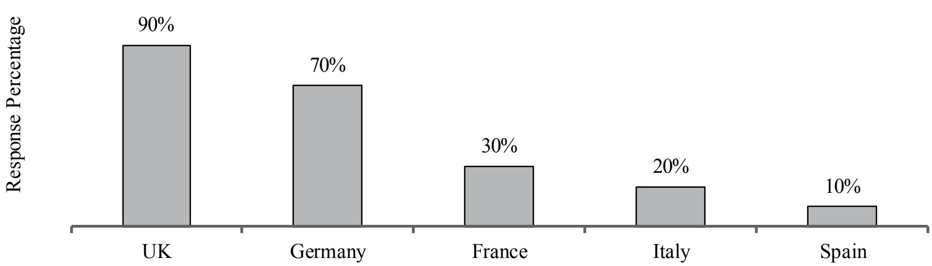
How important is access to EU government contracts/procurement?



Source: own elaboration.

FIGURE 15. Leading Countries in Exports to EU Governments

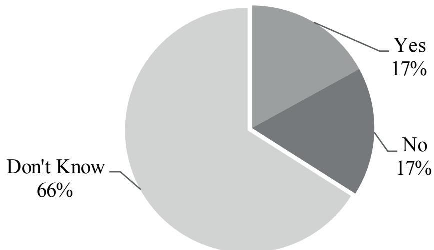
If you sell to EU governments, what are the three countries you do the most business with?



Source: own elaboration.

FIGURE 16. Competition Between Private Firms and State-Owned Enterprises

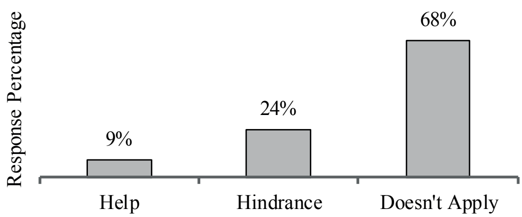
Do you believe there's a level playing field between private firms and state-owned enterprises in the EU?



Source: own elaboration.

FIGURE 17. EU Regulations

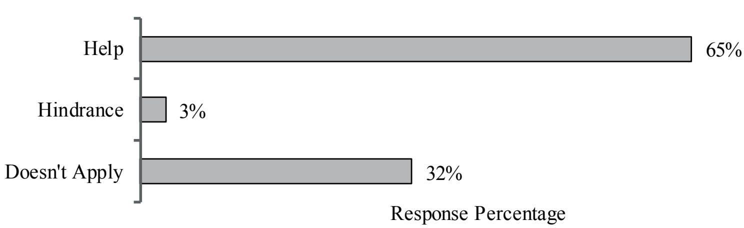
Are EU data protection laws a help or hindrance to your operations there?



Source: own elaboration.

FIGURE 18. EU Intellectual Property Rights

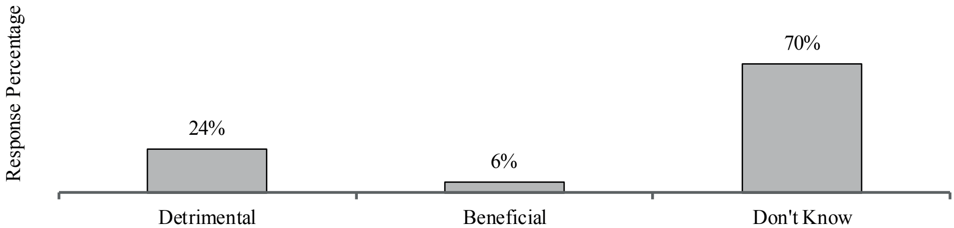
Are EU intellectual property rights a help or hindrance to your operations there?



Source: own elaboration.

FIGURE 19. Mandatory Labelling System

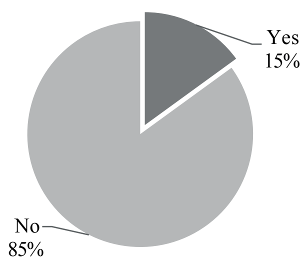
Do you think that if a mandatory labeling system (e.g., in food products) is incorporated into TTIP, it would be detrimental or beneficial to your operations?



Source: own elaboration.

FIGURE 20. TTIP Discussion

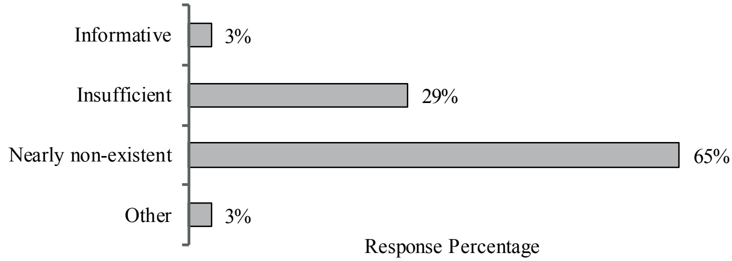
Have you contacted a trade association, legal services, export brokers, consultants, or other stakeholders, including peers and colleagues, to share your views on such an agreement?



Source: own elaboration.

FIGURE 21. Media Coverage

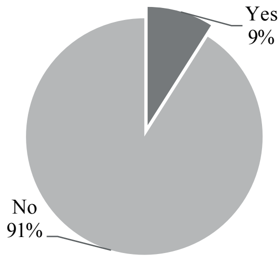
How do you think media coverage of the prospective agreement and negotiations – public and association-based – has been?



Source: own elaboration.

FIGURE 22. **Engaging Lobbyists**

Have you engaged or are you planning to engage a paid lobbyist to support your interests?



Source: own elaboration.

TABLE 1. **Represented Industries**

What is your industry? (Please select up to three industries.)

Industry	
Chemicals and pharmaceuticals	18%
Consumer products	18%
Electronic and other electrical equipment and components (except computer equipment)	18%
Industrial machinery (e.g., machine tools, material handling equipment etc.)	15%
Aerospace (including parts, components, and systems)	12%
Construction equipment and materials	12%
Agriculture and forestry	9%
Automotive (including parts and components)	9%
Steel and other metals	9%
Distribution	6%
Engineering	6%
Petroleum exploration (i.e., producing equipment for or engaging in production, refining, and/or distribution)	6%
Power generation (i.e., producing equipment for or engaging in construction and/or operations)	6%
Construction (building construction and other heavy construction)	3%
Measuring, analyzing, controlling instruments, photographic, medical, and other optical goods	3%
Computers and office equipment	0%
Other	26%

Source: own elaboration.

Notes

[1] CETA still requires ratification by the European Parliament and all 28 EU member states.

[2] The less ambitious scenario assumes a 10% reduction in trade costs from non-tariff barriers, 25% cuts to non-tariff barriers related to procurement, and removal of 98% of tariffs. The ambitious scenario factors in a 25% reduction to trade costs from non-tariff barriers, 50% cuts to non-tariff barriers related to procurement, and removal of 100% of tariffs.