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Conference Report 2/2013

Renewing Euro-Atlantic Economic Ties: Towards the Transatlantic Trade and Investment Partnership

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August 2013

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Martin Buček

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Introduction

The international conference [Renewing Euro-Atlantic Ties: Towards the Transatlantic Trade and Investment Partnership](#) (TTIP) took place in the Hotel Ambassador – Zlatá Husa in Prague on June 25, 2013. It was organized by the Association for International Affairs – AMO and held under the auspices of then Prime Minister of the Czech Republic Petr Nečas and then Minister of Industry and Trade of the Czech Republic Martin Kuba.

Opening remarks were delivered by **Norman Eisen, Ambassador of the United States to the Czech Republic**, and **Jan Michal, Head of the Representation of the European Commission to the Czech Republic**. Both speakers stressed the benefits resulting from the partnership as a strengthening of slowly recovering economic growth, creation of new jobs or trade boost between the U. S. and EU, including the Czech Republic, and supported the will to overcome all challenges arising during future negotiations.

In keynote speeches by **Martin Kuba, Minister of Industry and Trade of the Czech Republic**, and **Martin Tlapa, Deputy State Secretary for European Affairs**, who echoed the speech on behalf of resigned Czech Prime Minister Petr Nečas, was emphasized the massive global impact of the TTIP to the international trade, GDP growth, economic integration and also importance of this agreement for the Czech export strategy. Moreover, they expressed belief in ambitious and extensive outcome considering trade barriers or bureaucratic regulations.

The Policy Paper [Transatlantic Trade and Investment Partnership: Perspectives, Obstacles, and Implications for the Czech Republic](#) was prepared for the purpose of the conference and **Vilém Semerák, Researcher at IDEA think tank** of Center for Economic Research & Graduate Education – Economics Institute (CERGE–EI) presented at the onset event.

The broad topic of the Transatlantic Trade and Investment Partnership within the U. S. and EU was discussed from three different stand-points by invited experts at three panels. Firstly, diverse priorities of both the U. S. and EU on bargained trade areas and even their inclusion to the final agreement along with the elimination of present trade barriers and the perspective for the Czech Republic were concerned. The next issue related to the specific area of the impact of new technologies, especially the e-commerce, to transatlantic economy, competitiveness, and entrepreneurship. Experts on the final panel discussed the potential influence of TTIP to preserve economic dominance of Western states on the international trade and their inner divisions on this particular affair.



How to Bridge the Atlantic? Barriers, Obstacles and Challenges for Prospective TTIP

- **Elena Bryan**, Senior Trade Representative, Office of the United States Trade Representative
- **Karel Havlíček**, Chairman of the Board of Directors of the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic
- **Milan Hovorka**, Deputy Minister of Industry and Trade of the Czech Republic
- **Martin Tlapa**, Deputy State Secretary for European Affairs at the Office of the Government of the Czech Republic
- **Marc Vanheukelen**, Head of Cabinet of Karel De Gucht, Member of the European Commission for Trade

Discussants of the first panel emphasized a historic opportunity for both U. S. and EU to settle a comprehensive free trade agreement at this very moment. After months of preparations the working groups finalized all material and processes to start a negotiation. The expected duration of negotiation was estimated to 2 years.

According to the panellists, TTIP could be seen as inspiring and biggest international trade agreement with the ambitious objectives such as the elimination of tariff barriers, effective unifying of various bureaucratic regulations and standards and boost of mutual investment. The GDP growth, new jobs creation and significant reduction of trade disputes were also mentioned as indeed rewarding although to some experts it seemed impossible to specifically predict the direct impact on the U. S., EU or Czech economy. Even concerns about yet unforeseen complications on eristic topics were stated.

The broad of TTIP was discussed as well. Albeit almost certainly not all negotiated areas will be included to the final draft of agreement, the panellists agreed that the outcome should be as large as possible and without any others than completely inevitable exceptions.

The Czech panellists noted that the influence of TTIP will allow bonding the country tighter to the trade with the Western states in more trade areas; therefore, the Czech Republic strongly supports flexible and broad negotiating mandate for the European Commission to maximize this opportunity.



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Recommendations:

- To avoid the attempt to exclude any trade area or sector from negotiation.
- To concern the impact of TTIP on public and private investments and the change of their direction within the U. S. and EU.
- To consult during negotiation regularly with legislatures, entrepreneurs, and civil society in order to preserve their support.
- To focus on groundbreaking regulation cooperation as well as maintaining common principle values.

Q&A Issues:

- The full application of TTIP to the law of EU countries and states of U. S. remains quite questionable.
- Which non-tariff barriers should be also eliminated by TTIP?

Digital Transatlantic Trade: New Incentive for Competitiveness

- **Simon Hampton**, Director of European Public Policy & Government Relations at Google
- **Martin Kalovec**, Partner and Managing Director at The Boston Consulting Group
- **Nick Lewis**, Vice President of Corporate Public Affairs at UPS
- **Michal Mejstřík**, Member of National Economic Council of the Office of the Government of the Czech Republic; Professor at Institute of Economic Studies, Charles University in Prague
- **Václav Nekvapil**, Managing Partner of CEC Government Relations Prague; Member of Supervisory Board of the Association for International Affairs

The panellists collectively praised the potential stimulation of the economic growth of the U. S. and EU, and especially of the Central European region, by TTIP. They even highlighted the suitable areas for competition – e-services and software production.

The Internet economy currently partakes with 3, 6 % on the Czech GDP and this share will rise further. TTIP then allows redefining completely the export opportunities for the Czech companies making their products available for a wider range of customers. It was also noted that all benefits of Internet together have been immeasurable and they have brought much more than just pure GDP growth.

The panellists agreed as well that the importance of competitiveness in digital technologies should be pursued by governments by digitalization of government services and, primarily,



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by building an infrastructure enabling to create business opportunities. The states and the EU should apply smart regulations, which would fit to digital market needs.

The main questions directly regarding to the digital technologies in TTIP naturally revolve around user data. The right use of data leads to innovation and therefore to the profit. The participating experts mentioned desired outcome of agreement on such rapidly growing field: a unified, transparent and credible transatlantic approach to the data protection, equitable balance between strong Hollywood-esque copyright protection and its flexible and fair use for aforesaid innovation purposes and determination of company liability standards and regulations for 21st century free trade agreements.

The recommendations of the International Chamber of Commerce were also presented and comprise the institutionalization of International Certificate of Origin, e-certifies and process of digitalization of all trade documents.

Recommendations:

- To consider the impact of Internet economy on jobs creation and exports.
- To focus on education of computer literacy and a skill capacity building to effectively and competitively use opportunities on the digital market.

Q&A Issues:

- How should states react on technologies changing business models to more flexible yet more unpredictable ones?
- What is the future of entrepreneurship in the age of the Internet and advanced cross-border delivery?

United We Stand, Divided We Are. Can TTIP Preserve Dominance of Western Economies?

- **Thomas Bollyky**, Senior Fellow at Council on Foreign Relations
- **Josef Braml**, Resident Fellow at German Council on Foreign Relations
- **Leszek Jażdżewski**, Founder and Editor-in-Chief of LIBERTÉ
- **Garrett Workman**, Associate Director of Global Business and Economics program at Atlantic Council
- **Lukáš Kovanda**, Journalist, Economist; University of Economics, Prague



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The panellists agreed that TTIP is not created against any specific country or region and should serve as an inspiration for other countries considering new free trade agreements. Its impact also may be influential to currently locked negotiation in the WTO Doha Round.

The speakers focused on coherent regulation standardization. Overall different approach towards the regulations was mentioned. The non-discrimination unification of technologic or process standards within the U. S. and EU and mutual cooperation were pointed as main parts of the agreement leading to the savings, export boost and even liberalization in certain trade areas. These could change the present international trade as an international standard maker.

Nevertheless, quite sceptical attitude among some speakers was presented as well. The timing was not seen as a right one. In their opinion, the protracted economic crisis caused weakness of both parties where more weakness stands at the U. S. side. Although there still are some political and economic divisions within the EU (e. g. long-time Greek troubles), the U. S. is challenged way more. The 113th Congress is deeply ideologically divided and the congressional elections are just around the corner. Moreover, U. S. leaders are more interested in maintaining the relations with China and other East and South East Asia states and looking for stable partners in a changing dynamics of this region. President Obama was also not unanimously perceived as a strong promoter of TTIP. The thought of a threat of multipolarization of currency market abolishing the U. S. dollar privilege and determining the future cooperation and competition on the international trade was emphasized as well.

The demonstration of strength of democratic Western economies thus must be broad and persuasive in order to keep the symbolist trade power and influence.

Recommendations:

- To concern the mandate to limit regulations within the U. S. and especially EU.
- To chart the positive influence of TTIP on other countries.

Q&A Issues:

- Are Western countries still capable to preserve dominance?
- Why president Obama does not promote TTIP markedly?
- In case of TTIP success, is there any possibility for deeper integration?
- What would be the developing world's reaction on TTIP?



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Appendix

Media Outputs (in Czech):

- Český rozhlas Plus [Evropská unie a USA začaly jednat o zóně volného obchodu](#) (interviews with conference panellists)
- Český rozhlas Plus [Může Západ konkurovat Číně?](#) (live report and interviews with conference panellists)
- ČT24 [Zóna volného obchodu EU - USA přinese třešničky i pro české firmy](#)
- ČT24 – **Ekonomika** [Zlepšit HDP ČR má připravovaná zóna volného obchodu mezi USA a EU](#) (interview with the conference panellist Thomas Bollyky in the section ‘Mezinárodní obchod‘)
- Euroskop.cz [Tlapa: Obchodní dohoda mezi EU a USA zvýší české HDP až o 2 %](#)
- iHNed.cz [Na cestě k transatlantické zóně volného obchodu](#)
- Investičníweb.cz [Tlapa: Zóna volného obchodu mezi EU a USA zvýší růst českého HDP](#)
- Týden.cz [Zóna volného obchodu mezi EU a USA podpoří českou ekonomiku](#)

Media & Other Outputs (in English):

- PASOS [AMO conference focuses on Euro-Atlantic economic ties](#)
- Prague Daily Monitor [Czech official: EU-US free trade zone will boost Czech GDP growth](#)
- Leaders Magazine [Central European Debate about Transatlantic Free Trade Deal Started in Prague](#)
- [TTIP: Perspectives, Obstacles, and Implications for the Czech Republic](#)
- [Bridging the Atlantic: The State of Free Trade Negotiations between the U.S. and EU](#)



[Live Conference Video](#)



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ASSOCIATION FOR INTERNATIONAL AFFAIRS – AMO

Association for International Affairs – AMO is a preeminent independent think-tank in the Czech Republic in the field of foreign policy. Since 1997, the mission of AMO has been to contribute to a deeper understanding of international affairs through a broad range of educational and research activities. Today, AMO represents a unique and transparent platform in which academics, business people, policy makers, diplomats, the media and NGO's can interact in an open and impartial environment.

In order to achieve its goals AMO strives to:

- formulate and publish briefings, research and policy papers;
- arrange international conferences, expert seminars, roundtables, public debates;
- organize educational projects;
- present critical assessment and comments on current events for local and international press;
- create vital conditions for growth of a new expert generation;
- support the interest in international relations among broad public;
- cooperate with like-minded local and international institutions.

RESEARCH CENTER

Founded in October 2003, the AMO's Research Center has been dedicated to pursuing research and raising public awareness of international affairs, security and foreign policy. The Research Center strives to identify and analyze issues crucial to Czech foreign policy and the country's position in the world. To this end, the Research Center produces independent analyses; encourages expert and public debate on international affairs; and suggests solutions to tackle problems in today's world. The Center's activities can be divided into two main areas: first, it undertakes [research and analysis](#) of foreign policy issues and comments on [AMO blog](#); and second, it fosters dialogue with the policy-makers, expert community, and broad public.

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