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Stronger U.S. – EU Trade Creates Everyday Benefits

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The economic relationship between the United States and the European Union (EU) is so strong and so deeply integrated into multinational supply chains that policymakers often forget about it. Even with recent economic turbulence, the EU is America’s largest trading partner. The EU remains one of the most important markets for the United States in terms of exports, two-way investment, and domestic job creation. But our marriage could be even stronger— especially at a time when both sides are seeking to recover from several years of lean economic growth. Breaking down trade barriers and spurring cooperation in key sectors would have significant benefits for American manufacturers and consumers in terms of the movies you watch, the car you drive, and the products you use.

(p. 1)

...THE CAR YOU DRIVE

Trade Barrier: Duplicative Standards and Tariffs

...Larger regulatory differences present major barriers...Altogether, EU **regulatory differences** result in a 25.5% increase in the cost of U.S. vehicle exports to the EU.¹⁰ This has the same effect of a 25.5% tax: higher prices and lower demand for American vehicles in Europe. When the EU’s existing 10% tariffs¹¹ on autos are added, American vehicles get even less competitive. Mutual recognition of regulatory systems would help level the playing field, yielding increased exports and more American jobs.

(p. 2)

...THE WINE YOU DRINK

Trade Barrier: Tariffs, Subsidies, and Labeling Restrictions

Even before California wines matched and bested their French counterparts in a famous blind tasting in 1976,³¹ **European wine producers have enjoyed protection through a variety of subsidies, tariffs, and other trade barriers. The EU and its precursors refused to recognize many U.S. wine-making techniques,³²** added punitive excise taxes, and zealously fought to keep the terms “champagne” and “sherry” off the labels of American-made wines. A 2005 U.S.- EU agreement on wine resolved some of these issues, but remaining restrictions continue to hurt the competitiveness of U.S. wine exports in Europe.

(p.5)

Endnotes

32 National Foreign Trade Council, Inc. “Looking Behind the Curtain: The Growth of Trade Barriers that Ignore Sound Science,” Report, May 2003, pp. 14-15. Accessed October 8, 2013. Available at http://www.wto.org/english/forums_e/ngo_e/posp47_nftc_looking_behind_e.pdf.