

Building New Bridges: The Case for Strengthening Transatlantic Economic Ties

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A BNAC Statement

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From Geo-Politics to Geo-Economics — In Search of a New Context

The transatlantic relationship is changing in fundamental ways. At the height of the Cold War, shared security concerns were the dominant shapers of the Atlantic community — a community embodied above all in NATO — while trade and economic issues played a secondary role. The fall of the Berlin Wall in 1989 and the acceleration of global economic integration reversed these priorities.

...Trade, investment and technology linkages are deepening, even as Europe and the United States squabble over rebuilding Iraq, regulating the Internet, global warming and genetically modified food. Europe and the United States can unite to launch the Doha Round of multilateral trade negotiations, but part company over the Kyoto Protocol, the International Court of Justice and the Middle East. (Page 3)

New Sources of Friction

...Ironically it is the very success of deeper transatlantic integration that has brought new concerns and conflicts to the fore. As border barriers fall, and as the economies converge and intertwine, **underlying differences in domestic regulations and value systems** — what Canadian economist Sylvia Ostry has described as “system friction” — **are emerging as the newest source of tensions in the relationship.** **Transatlantic disputes were once largely about market access and protectionism. Now they arise increasingly from the different ways in which European and North American economies are structured.** Whereas agriculture and industrial trade used to be the main areas of conflict, **disputes**

now encompass issues as diverse as health and safety standards, certification and testing, environmental policy, eco-labelling, competition laws, discriminatory taxation, technology policy, government procurement, investment restrictions, intellectual property protection, regulation of the Internet and cultural protection. (Page 6)

...Issues of food safety and environmental protection are becoming even more explosive. EU resistance to U.S. pressure to lift its ban on hormone-treated beef following a WTO ruling against it, and the escalating conflict over genetically modified foods can be explained only partly in terms of pressure for agricultural protection. At least as important has been opposition from consumers, alarmed by outbreaks of BSE, foot and mouth disease and other food scares, for which many blame open trade and globalization. **A recent study by the U.S. National Foreign Trade Council documents the growing impact of safety, animal welfare, and environmental regulations, not only on agriculture, but on industries and high technology products as well.** These broader concerns cannot be addressed by trade liberalization; all require dialogue and cooperation across a much broader and politically more complex policy front. (Page 7)

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