

Free Trade Pact Could Help Businesses on Both Sides of the Atlantic

by Donald Scarinci

Businesses are closely watching the negotiations of a free trade agreement between the United States and the European Union. Many are hopeful that the elimination of trade and investment barriers and harmonization of business regulations could lead to more opportunities on both sides of the Atlantic.

While negotiations have stalled in the past, leaders from both sides appear to be recommitted to forging a [US-EU trade agreement](#), known as the Transatlantic Trade and Investment Partnership. In February, President Barack Obama, European Council President Herman Van Rompuy and Jose Manuel Barroso, the European Commission chief, released a statement that "through these negotiations the US and the EU will have the opportunity not only to expand trade and investments across the Ocean, but also to contribute to the development of global rules that enhance the international trade system."

The United States and the EU are each other's largest trading partners, accounting for \$5 trillion in business annually. Moreover, the U.S. Chamber of Commerce estimates that the removal of all tariffs could add \$180 billion to the gross domestic product of both sides over a five-year period.

While it is largely viewed as a "win-win," the trade pact also faces steep hurdles. Tariff reductions are not the only issue that must be resolved. In order for goods to pass freely between the United States and the EU, the two sides will have to reach a consensus on a myriad of regulations, including consumer protection, environmental, and health standards.

As highlighted in a recent [New York Times](#) article, the auto industry is particularly interested in the trade agreement. For instance, EU-based Mercedes and BMW are hopeful that an agreement would allow them to expand operations in the United States and then ship cars back to Europe for sale. However, carmakers question whether the two sides will be able to come together on unified crash test requirements and other car safety standards.

In order to become a reality, everyone will also have to be on board with the agreement. This includes approvals from all EU member states, the European Parliament, and the U.S. Congress. Negotiations are expected to begin in earnest this June with an agreement expected by the end of 2014. If it comes to fruition, it would be the largest bilateral trade agreement ever negotiated.

If you have any questions about the potential trade agreement or would like to discuss how it may impact your NY or NJ business, please contact me, [Donald Scarinci](#), or the [Scarinci Hollenbeck](#) attorney with whom you work.