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## TTIP - California's Gateway to Europe

by Josh Stanton

As the Obama Administration continues its pursuit of an ambitious trade agenda during its final months in office, it's natural for the attention of Angelenos to be fixed on the Trans-Pacific Partnership (TPP), the comprehensive free trade deal currently in negotiation between the US and 11 countries in the Asia-Pacific region. The Los Angeles Customs District (LACD), comprising the Los Angeles and Long Beach seaports, is California's gateway to international trade with Asia. Two-way trade between the LACD and the Asia-Pacific region stood at \$334 billion in 2014, making up over two-thirds of overall trade. A TPP deal will undoubtedly open up new markets and opportunities in Asia for businesses in Los Angeles and throughout California.

TPP stands to be the biggest trade agreement in history, but like many free trade deals, it is also a lightning rod for debate. Whereas supporters of TPP see the potential for expanded markets, reduced red tape and economic prosperity, its opponents see an economic "race to the bottom" in the form of job outsourcing and the lowering of environmental and labor standards. With TPP negotiations inching towards conclusion, the local and national debate over the deal looks set to heat up.

With all the attention on TPP and Asia in general, it's no small wonder that there's little talk about ongoing free trade negotiations with Europe. Like TPP, the Transatlantic Trade and Investment Partnership (TTIP) seeks to eliminate tariffs, reduce regulatory barriers and set common rules and standards between the United States and the European Union. To some, TTIP is just another alphabet soup-named free trade agreement with a part of the world that is an afterthought to the LA economy. On the contrary, a comprehensive TTIP could be an economic game changer for the region, spurring job growth and boosting exports.

To dismiss the importance of TTIP is to ignore what is already a surprisingly robust trade relationship between California and Europe. Annual exports to the EU averaged nearly \$30 billion from 2012 to 2014, accounting for nearly 17 percent of all California exports. In the LACD alone, two-way trade with Europe accounted for nearly \$42 billion in 2014. Additionally, EU states such as Germany and Great Britain are vital trade partners, serving as the LACD's sixth and thirteenth biggest trading partners, respectively.

The passage of a TTIP could take this relationship to a new level. A 2013 report conducted by the Bertelsmann Foundation, Atlantic Council and the British Embassy suggests that a

comprehensive and fully-implemented TTIP could boost California exports by 26 percent and add over 75,000 jobs, the largest net employment gain of any US state. Exports in major economic sectors such as chemicals and motor vehicles would increase by as much as \$3 billion. Beyond benefitting large industries and companies, US trade officials have also prioritized reducing regulatory barriers to trade for small and medium-sized enterprises (SMEs), which comprise 96 percent of all California exporters. By opening up the European market and reducing unnecessary red tape through TTIP, Los Angeles SMEs would experience significant growth.

But what sets TTIP apart from other trade agreements is the simple fact that the agreement would be a partnership among equals. The 28 member states of the European Union represent a dynamic market of 500 million people whose economy and values closely mirror our own. Europeans enjoy high standards in areas such as food and auto safety, labor and the environment that match and sometimes exceed their American counterparts. By addressing regulatory coherence and developing common rules, TTIP could reinforce the high standards Americans and Europeans have come to expect.

The impact from developing common rules and standards would be felt not only in Europe and America, but in Asia too. China is far and away the LACD's most important trading partner, with two-way trade standing at \$176 billion in 2014. But China is not party to the TPP negotiations and issues such as intellectual property rights and state-owned enterprises remain major issues for LA companies doing business in the country, particularly the entertainment industry. If TTIP negotiators are successful in setting rules and standards on these and other globally relevant issues, TTIP, together with TPP, could establish norms for the global trading system and compel China and other countries to adopt this framework in order to stay competitive.

As the next round of TTIP negotiations approaches next month in Miami, US and EU negotiators will be keen to take major steps towards a final agreement. Los Angeles might be California's gateway to Asia, but TTIP could potentially become the state's gateway to Europe as well.

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