

EU business lobbies Washington on trade deal

By [ADAM BEHSUDI](#) | 9/13/13 4:01 PM EDT
Politico

Your future trip on the subway could be atop tracks designed by Italians or in trains manufactured in France, if European firms are able to get what they want in trade negotiations with the United States.

Europe's leading business lobbyists were in Washington, D.C., for three days this week, pitching for — among other things — the unfettered ability of European firms to bid on government contracts at the federal, state and local levels. They want European companies to have the freedom to bid on road projects in West Virginia or to provide cloud-based services for government data, for example.

It could happen.

Although the idea of opening public procurement to greater foreign competition may be viewed with contempt in some quarters of Congress, hanging in the balance is a successful outcome to negotiations for a massive U.S.-European Union trade deal that aims to redefine the Transatlantic business relationship for decades to come.

"To be very honest I think it will be relatively difficult to sell this agreement in Europe without improvement in this area," said Markus Beyrer, director general of BusinessEurope, a Brussels-based confederation of EU member state business organizations that acts much like an EU version of the U.S. Chamber of Commerce.

Beyrer, an Austrian national who took the helm of BusinessEurope last June, was in Washington this week with a group of advisers knocking on the doors of senior officials in the Commerce and Treasury departments and the Office of the U.S. Trade Representative, passing along his members' demands not only in procurement but in a host of other areas.

Beyrer recognizes the magnitude of the work he has ahead of him.

With a plethora of "Buy America" requirements at both the federal and state levels, opening government procurement markets to foreign firms is viewed in the U.S. as a politically hazardous issue. It's also an area where the U.S. government has no direct authority to force states to open their public contracts to foreign bids.

In fact Dan Gordon, who until last year served as Obama's administrator for federal procurement policy, questions why the EU would make the procurement of state contracts, in particular, a priority area, especially given the absence of authority the U.S. has over state procurement policy.

It's also questionable how many EU firms are lining up to bid on federal and state-level government contracts, he noted. Data has shown that despite EU member states having opened up their government procurement markets to each other, companies from one member state rarely bid on government projects in other member states.

"Is it a terribly promising area for the Europeans? I don't think so," said Gordon, who now works as associate dean for government procurement law at George Washington University's law school.

Even though Beyrer recognizes the ability of states to allow European competition on public projects as “very difficult,” he argues that other countries involved in recent trade negotiations with the EU have been able to corral sub-federal entities to make procurement commitments.

(Also on POLITICO: Currency concerns dog Pacific trade pact)

Most notable is Canada, which was able to persuade all its provinces to open many of their public projects to bids from EU companies. The deal between Canada and the EU is not yet concluded, but Beyrer stressed that this sets up a precedent for the U.S. to do the same with its own states.

Beyrer didn't discount the fact that U.S. companies also have problems accessing public procurement markets in the EU, making it all the more important “to have an ambitious approach to this.”

Another key message BusinessEurope is bringing to Washington is that any deal the two sides reach will have to go far beyond tariffs cuts. Businesses on both sides are seeking to boost transatlantic trade through an agreement by further harmonizing regulations in automobiles, chemicals, pharmaceuticals and other key sectors.

Both the EU and the U.S. also recognize that the true value added by a Transatlantic trade deal will come in the form of greater regulatory cooperation, but it is unclear how far each sides' regulatory agencies are willing to go to accommodate each others' regulations and standards.

Beyrer said the European group is currently working with the U.S. Chamber of Commerce to develop a paper providing suggestions that will impact all industrial sectors affected by the agreement. The paper will be passed on to the Obama administration and the European Commission to consider during the negotiations.

Beyrer said he was scheduled to meet Friday with Deputy U.S. Trade Representative Miriam Sapiro and Assistant U.S. Trade Representative Daniel Mullaney, the lead U.S. negotiator. He was also scheduled to sit down with Treasury staff and met Thursday with Patrick Gallagher, acting deputy secretary of Commerce and director of the department's National Institute of Standards and Technology.

Beyrer said a final deal should definitely include a “decent progress” on harmonizing automobile regulations as a starting point in this area. Beyond this, EU firms want to see procedures for U.S. and EU regulatory agencies to meet on a regular basis to determine areas where both sides can come to mutual recognition of standards.

BusinessEurope is also proposing a “future-oriented mechanism” to ensure that any regulations considered in the future does not create unnecessary regulatory divides.

In addition to government procurement and automobiles, European businesses are clamoring for an agreement that will provide greater access to the U.S. financial services market. The business group will be pressing Treasury on its reluctance to address financial services issues in a trade deal. Treasury has been cautious in this area because of the potential that the U.S. will bind itself to financial rules in a trade agreement that could prevent it from responding the way it sees fit in the case of a financial crisis.

“We are not expecting, let's say, open arms on this, but we will be highlighting this,” Beyrer said.

He argued that the importance of financial institutions to be able to access each others' financial services markets goes far beyond the short-term business benefit for EU firms.

“This is a question of global strategic approach,” Beyrer said. “Of course there are security aspects on both sides which will have to be taken care of, but the question is will we have major global banks in New York and London and Frankfurt in the long run or will they all be in Asia.”

Beyrer said EU firms also want greater freedom to invest in other U.S. sectors, including air transport and aviation. The U.S. currently restricts foreign investment in this sector limiting the shares a European company can hold in a U.S.-based airline. U.S. laws also prevent foreign airlines from flying domestic routes.

Beyrer said he wants the U.S. to provide a clearer picture on how far it is willing to go when the two sides meet for the next round of negotiations, which are scheduled to take place the week of Oct. 7, in Brussels.

“At the first round the EU side went farther in describing what is possible for Europe, and I think at the second round everybody expects that the U.S. side is more precise on what is possible for the U.S.,” he said.