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Brussels Forum

The U.S.-EU Economic Partnership

Mr. Craig Kennedy: So for our final major session today, after talking about crisis all day, now we're going to talk about the positive story, The U.S./EU Economic Partnership, otherwise known as, well, TTIP or TAP or something. We have asked Bruce Stokes, the director of the PEW Global Economic Attitudes Project and a long-time friend of GMF, to moderate this session, and it should be a very, very good one, so thank you, Bruce, and take it away.

(video): As recovery from the economic crisis remains sluggish, the EU and the United States have jointly decided to launch negotiations on a Transatlantic Trade, an investment partnership, to boost jobs and growth. What are the main hurdles on the way to an agreement? Would this agreement enhance the transatlantic economy's role in global affairs or merely slow the decline of U.S. and European influence?

Mr. Bruce Stokes: Well, I'd like to welcome all of you to this session. I would also like to challenge my friend, Philip Stevens. I don't think he won the contest for the most exciting panel. I think I did or at least we're going to try to prove it that way. Since we have the two principal negotiators for this agreement with us, we hope to negotiate it out here in front of you all. It'll be the first trade agreement ever done in public, and we'll wrap it up by the end of the evening. I would warn you that this is one of the topics that for those of you who've been involved in transatlantic relations for a while know it is very susceptible to platitudes, so I am officially declaring this is a platitude-free zone. I'm going to use all the platitudes to introduce this topic, and we're going to get hopefully from our panelist some answers to some of the tough questions we now face as we actually go into this negotiation. As you all know, you know the numbers, most of you know the numbers. We're attempting to create a 30 trillion dollar market. There's already

vast trade and investment across this space. We would like to grow it, and if we complete this deal, it will enhance both of our economies, just to give you an American example. If we're successful in completing this deal, it is of more economic benefit to the United States than is the Trans-Pacific Partnership even with Japan included. So it is of significant economic value if we can create it. So the real question is why haven't we done it yet. I mean, this has been true for years, and we haven't been successful. I think, first off, it's because we now need jobs and growth like never before, and we need jobs and growth we can create without spending public money. We, I think, are confronting the fact that now is the time. If we wait another ten years, we kick this down the road a while, it's going to get harder, not easier. We're going to drift apart. We're both going to drift to Asia in our own way, and this will be much more difficult than it is now. One of the other reasons why now is that this is really about more than trade and investment. This is

about creating common technical and regulatory standards that not only enhance our businesses but establish what we consider to be the values of transparency and rule of law and accountability in our regulatory systems that then become the global standard and not standards that might be developed in other ways by other countries and other political systems which would not either fit our values or our business interests. And finally, and I think very importantly, this is about renewing the Transatlantic Alliance. I'm firmly a believer that alliances stick together when they have things to do together, and this is the new project of the Transatlantic Alliance, and that is one of the reasons why we need to do this now, but, of course, it's not going to be easy. This is the first negotiation either one of us has engaged in where it's a negotiation of equals. We both have to accept the fact that we can't dictate the outcome of this, and that's going to require a psychological and political acceptance that it's going to be difficult for our

politicians, for our negotiators and our public, especially. Second, this is a negotiation unlike any other in the sense that we start out saying we don't intend to get everything done in this negotiation. Many negotiations in the past, you negotiate something, you come to a deal, you wrap a ribbon around it, you say we're done, and you walk away from it. Our negotiators have consciously said, beginning this, there are things we're not going to be able to finish. The question is at the end of the day, how do we sell that to our public 'because it's going to look like failure,' and certainly, there'll be elements of it that people can point to and say is a failure. Third, failure is just not an option. If we fail at this, the Chinese, the Indians, the Brazilians, the Russians will notice, and we will pay a price. It's not a return to status quo ante. And finally, if this were easy, we would've done it already. There are a lot of neuralgic problems between the U.S. and Europe, and to deal with these questions, we have key figures in the transatlantic

relation in this negotiation to discuss this. We have Carl Bildt, the Foreign Minister of Sweden. We have Karel De Gucht, the EU Trade Minister. We have Michael Froman, Special Assistant to the President and a member of The National Security Council for International Economic Affairs in the White House, and we have Martin Jaeger from Daimler. So to start this off, I'd like to ask Mr. De Gucht, how are you going to avoid this negotiation being captured by very narrow interests so that we end up fighting over things like GMOs, just as we fought over chlorinated chickens, just as we fought over bananas. How do you avoid the tail wagging the dog here, and we don't get any progress?

The Honorable Karel De Gucht: I don't know.

Mr. Bruce Stokes: That's great honesty. I like that.

The Honorable Karel De Gucht: I will not discuss nor negotiate in that way, but I cannot avoid that this is the kind of question that we put all the time, be it on the Hill, be it in the Parliament, be it in other

discussions, but I'm interested in the results, and I believe that this kind of topics like you just mentioned can be avoided, but we will not avoid that people are discussing this all the time, you know, and then also interest groups. You mentioned a couple of items, but I can also imagine that the social media get interested in this kind of deal and then make a very big societal problem of this. When you discuss it, you very easily get the question: Is this again the old and the wide world against the rest of the world and all that kind of things? But I will not be bothered too much about that myself.

Mr. Bruce Stokes: Mike Froman, in the U.S. Constitutional system, the U.S. negotiators do not have the right to negotiate for the states, and in our system, the states control things like public procurement, 13 of them haven't signed the WTO's Public Procurement Code, a whole slew of services are regulated by the state's--insurance, other things. How are you going to deal with that? Because obviously, if

I were European, these are things I want from this negotiation.

The Honorable Michael Froman: Well, thanks, Bruce, and thanks for having us here. First, let me tell you a story, and then I'll answer your question. The story is I was a stagier once here in the commission, and I worked at an office that worked largely in French, and my French was not very good nor is it very good now, but I recall sitting in a staff meeting and realizing halfway through the staff meeting that people around the room were talking about pragmatism and pragmatists as a pejorative, and it was new to me because coming from the American tradition, pragmatism was only a positive thing, and I didn't realize that pragmatism in some systems was viewed as without principle or in some pejorative way. I say that because I think ultimately, we can't make the perfect enemy of the good here, and we will have to be pragmatic about this, and when Karel and I started this process with Ron Kirk 15 months or so ago, one thing we made clear is we're not going to

change each other's constitution through a trade agreement. We each have constraints, structural constraints on what we can do, but within those constraints, we can try and find pragmatic ways of addressing each other's interests. You've mentioned some of them. We will find pragmatic ways of addressing those interests, including engaging with the states and localities about what the negotiations about and seeing what we can do to address Europe's interests as I'm sure Europe will do on the issues of concern to us.

Mr. Bruce Stokes: Carl Bildt, if we are successful, and I'm sure those to your left will tell you we're going to be successful, this will change geopolitics across the Atlantic in a major way. We will have become closer given revived the Transatlantic Alliance in a new way. I'm curious, what do you think this is going to mean for European and American strategic relations with Russia, China, India? How are they going to look at it, and what will that mean for us?

The Honorable Carl Bildt: I think first, it's going to take some time for the rest of the world to understand that this is actually going to happen, and it will succeed, and then they will have to start to look at the implications of it. The implications, of course, primarily refers for us, the possibilities of getting a boost for growth and trade and the alliance and working together, particularly since this is going to be less sort of tariffs and more regulatory things, and regulatory things are complicated, essentially political decision-making. It will have to force these two gentlemen and their respective bureaucracies and Congress and EU Parliament to work much more closely together on these issues that I've been doing any time before. That's going to have a political effect. Then yes, we'll have to look at the relationship with others. Where are the Chinese going to be? We will have to look at the position of Turkey, which is not entirely uncomplicated, the most dynamic economy that we have in Europe. How does that fit into it? We have a

free trade agreement that we are about to find (inaudible) with Canada. Where is that going to fit into this particular structure? So there's going to be quick a number of these structural issues, but I think in the end, the resolve will be that we will give a shot in the arm to globalization, as such. We should not forget the fact that globalization has taken a beating since 2008. There's a creeping regulatory protectionism going on across the world. This can turn things around in a way that is first, good for us and second, good for the entire world.

Mr. Bruce Stokes: Martin Jaeger, you work for the auto industry or an auto producer. Both in Europe and in the United States, the auto industry has opposed the respective free trade agreements with Korea. The auto industry have grave concerns about your negotiations, European's negotiations with the Japanese and grave concerns about the negotiations we're about to begin with the Japanese. Our auto industry is worried about that. Why is it that auto industries on both sides of

the Atlantic--but you would speak for your own company--actually think this deal is a good deal, and how do you see that relating to the negotiations with Japan which obviously, they're going to be happening at the same time?

Mr. Martin Jaeger: Yeah, thank you, Bruce. Thank you for having me here. I love to be on this panel because usually, I'm invited because someone is needed who is opposed, who's against. That was the case when we discussed about Japan, South Korea, India. This time, it's completely different, and usually, when Commissioner De Gucht and his chief of cabinet see me, they're not always happy. This time, it's different. This time, it's completely different because we see not only a strategic political dimension in this project; we see huge potential business benefits. Just take the example of tariffs. My company alone, Daimler, we would make a gain, or savings in that case, if you eliminate the tariffs for around about 200 million Euros, and that's quite significant plus potential gains through

additional business, and this is why we're actively engaged in pushing forward this project. The interesting experience for me personally would certainly be in the past, I admit, we often created alliances to prevent something from happening. Now, it's the other way around. We would have to set up a business alliance to push a very essential important project forward, and there are fantastic opportunities, and our industry, on both sides of the Atlantic, is definitely embracing these opportunities.

Mr. Bruce Stokes: This is a question to both Karel De Gucht and Mike Froman. You both face parliaments, congress, that have a constitutional right to approve these agreements at the end of the day, especially with -- in the case of the European Parliament as a new-found power, and they will obviously exercise it. Because those parliaments, also congress also have some jurisdiction over the regulators and because this deal is a lot about regulation, it further complicates matters because you're engaging with these elected

legislatures in wholly different ways with different types of legislators involved. It's not just the trade types, but others. What are you thinking of doing now to engage them early on so that when you go to them for approval, they are more likely to approve what you've accomplished?

The Hon. Karel De Gucht: Well, Parliament, since the Lisbon Treaty, has the power to rectify or to diffuse ratification, but there is, nevertheless, a difference with the United States. We have kind of a fast track always. We don't have to ask for fast track, huh? So Parliament can only say yes or no. We cannot introduce amendments.

Second difference is that the -- I believe that the link between Congress and regulators is more closely than the link between our regulators and European parliaments. So that's rather typically American in this. We engage with them because, well, they play an important role in this for a number of reasons. So, I have already been speaking on this prospect with them,

and very soon I will have a new discussion with them on the basis of the proposal for a mandate that we have introduced now with the Council.

So I believe that this kind of permanent discussion with them is very important, because in the end it will be very difficult to forge such a deal without having a stand in parliament, I mean, having support in parliament. Because if there are no support in parliament for such a big deal, it would have ramifications on a number of other issues, as well, a number of other fights. You know, you could not limit it, so it would be -- I wouldn't say that we are bound to do so. I -- I'm happy to do so, and I must say that the first time I introduced it, there was quite a lot of support across the board. So they look upon this as a different animal, you know? Whether that will continue, you never know with parliaments. But in any case, at this moment in time, they are looking very sympathetically upon this.

Mr. Bruce Stokes: Mike?

The Hon. Michael Froman: Bruce, first let me correct one thing you said --

Mr. Bruce Stokes: Yeah.

The Hon. Michael Froman: -- in your question to Martin, but it's relevant --

Mr. Bruce Stokes: Yes.

The Hon. Michael Froman: --to this, because in the Korea/U.S. Free Trade Agreement, actually the Big Three of the United Auto Workers ended up supporting it. And they ended up supporting it because we worked extremely closely with them and their supporters on Capitol Hill to upgrade the agreement and then got bipartisan support with the largest bipartisan majorities in favor of a trade agreement as a result. And that's relevant to this question, as well, because we engage with Congress and our stakeholders on a regular and structured basis throughout the whole process. Throughout the high-level working group process that the commissioner and Ambassador Kirk ran over the last 14 months or so, Congress was constantly being updated

on the progress of that, and we will start the formal consultation process to 90-day consultation process with Congress in the coming days to begin that process before we can get a negotiating mandate to begin formal negotiations with the EU.

But if the TPP is any example, and it is the template in terms of how we deal with Congress, at every single stage in the negotiation before we table offers, we go to our relevant committees of jurisdiction, and sometimes it's broader than just the trade committees depending on the issue, we have literally hundreds of meetings with stakeholders, our formal advisory groups as well as informally to make sure that every step along the way, we're incorporating their feedback and know where their concerns are as we're negotiating.

Mr. Bruce Stokes: And have you made a decision yet inside the administration of when you'll as for Fast Track, whether it's the beginning of this process or at the end?

The Hon. Michael Froman: We haven't made any decision. We know that there are a number of people in Congress interested in engaging on the issue of trade promotion authority, and we will be engaging with them in the coming weeks and months to determine how best to secure that authority.

Mr. Bruce Stokes: Okay, I'm going to turn to the audience now. I'd ask you if you would identify yourself. Try to at least pose your statement in the form of a question, if you can, and keep it short. And I'll take two or three questions. If you can possibly direct the question at a particular person so that the panel doesn't feel compelled to answer every question. Back here in the back, the very back.

Professor Mahapatra: I'm Professor Mahapatra from India. I'll frame my comment in the form of questions. Number One, since yesterday, we have been hearing about a lot of differences within the European Union on political issues, economic issues, austerity versus growth, etcetera. Now, when you are going to talk to

the Americans now, the EU and the U.S., is the U.S. going to talk to a unified EU on issues, or is it going to have a diversified one, One.

Number Two, I heard comments like this, that this is a time there should be Transatlantic negotiations, how to improve the economy or else, China, India, Brazil, South Africa, fill in the blank. Now, you have the right approach, actually. China, India, Brazil, other emerging economies, were emerging when the economy needle was not bad. The economy in the U.S. was not that bad. So now, why not talk about win-win situation for the world rather than a commercial alliance against all these others? Thank you.

Mr. Bruce Stokes: Okay, and I'll take that, also, as an opportunity for anyone that wants to take it to what is the implication of this negotiation for the WTO system. But in the back here.

Kurt Volker: I'm Kurt Volker from the McCain Institute, and a question about NAFTA, so for Mike Froman and Karel De Gucht, have we considered this as a

NAFTA/EU negotiation, given that the U.S. is already part of a major free-trade area, and it might be a NAFTA/EU interest, and for Mr. De Gucht, what would be your view of that?

Mr. Bruce Stokes: Okay, and right here.

Shada Islam: Shada Islam from Friends of Europe. Actually, Bruce had said, follow-up on what you said about the WTO. I was wondering, is this the death nail of the World Trade Organization. Are we saying goodbye to multilateralism? How are you going to make this open to the rest of the world, which is what you're saying you'll do? And are you leaving the WTO just to be a dispute settlement system? Thank you.

Mr. Bruce Stokes: Good questions. Who would like to... (technical difficulty)

Mr. De Gucht: ...the negotiation we ask for (inaudible) to the council and that is the European Commission who is negotiating and who has the authority to make a deal. Of course you have to keep in mind that the deal you are making in the end goes through the

council and goes through the parliament, but we have the authority to negotiate.

So, I see no reason why we would be divided (inaudible) the argument on the saying look, you have discussions whether you have austerity or growth and you have problems with some big countries and all that kind of thing. That's not what it is about, you know? I mean, this negation is about the future. All right. It's not about the next 24 months. It's about the next generation. It's really how we are going to preserve for the future generations, the welfare state that we have been establishing. That's what it is about. It's not because you are going through a temporary crisis that you should not focus on that fact. I would rather say the country.

Now the WTO, very briefly because that's a very interesting question I believe. There is a reason why it is so difficult to close the door out. And there's a systemic reason, because this process started more than a decade ago. And it started on the assumption of

asymmetry. So that the least developed countries should make less effort than the developing countries and those less than the emerging economies, and the emerging economies less than the mature economies us, huh?

Now what we have seen over the last decade is that the emerging economies have emerged, you know? And they have become our fiercest competitors in almost all of our markets. So it's really a discussion what should now be the efforts. What is the discrepancy, the asymmetry that we can still afford and that's the systemic reason why we don't make progress. All the rest that we have new members and so, it's not about that, you know? That's about what we have to resolve in the WTO.

Now, is this kind of deal undermining or underpinning the WTO. I believe it is underpinning the WTO, because what we aim at is in any case whatever, you ever would accomplish in the multi-lateral forum, it's do our plus, is going much further. It's about

regulations, norms, and standards, (inaudible). And I believe this, because we are talking about the deal that would cover about half of the economy, I think that will make the room to have a new floor, a new multi-lateral floor in the system that is lifted up compared to the present one.

So I would not at all say that this is undermining the WTO. You know what is undermining the WTO? A lot of very hollow deals that are made presently, bilaterally and regionally. For example, you should have a close look at the deals that China is doing, you know. Very hollow ones. And they are supposed to cover almost all trade. I mean, that's the whole idea. Substantially all trade, that's what is in the WTO rule book. Well, let's look at those, you know, at those agreements that do not at all fulfill these conditions, and let's not flagellate ourselves when we are making deals that are going much further than the present system.

Mr. Bruce Stokes: Mike, should we have involved Canada and NAFTA in the--?

The Honorable Michael Froman: Well, first, let me agree entirely with what Karel just said about Doha and the WTO and I think the fact that there is now after several years of dialogue about this, a global consensus that we're not going to be able to achieve the big multi-lateral deal, which we all agree would be the best possible outcome, if all the countries were willing to come to the table and play their respective roles. We're not going to be able to achieve it at the moment. That is now unleashed a lot of activity in Geneva. Very positive activity around an international services agreement, a trade facilitation agreement, the expansion of the information technology agreement.

And so, we're hopeful working with the EU and a number of others, that we can make progress on these other agreements and give momentum to the multi-lateral system. And that when the emerging economies are ready to come to the table as they do in the G20 or in the international financial institutions, and play a role, are commensurate with their role in the global economy

and were generally that we'll be there to make progress on this as well.

In terms of Canada and Mexico joining TTP, our view is that is going to be a very complicated, difficult, challenging negotiation just between the United States and the EU. The EU is also finishing negotiations with Canada. They have one with Mexico. Canada and Mexico are involved with us right now, with TPP. I think our view is, let's just focus on getting this done and then we will find ways to ensure that the various agreements that we have are stitched together in a way that we haven't created new barriers, but in fact, are enhancing the competitiveness of everybody.

Mr. Bruce Stokes: Right. Back here.

Mr. Steve Erlanger: Thank you. Steve Erlanger, *New York Times*, for Mike Froman, please. Simply, what are the things that concern you from the European side? The French have already been quite specific about wanting cultural exceptions presumably for movies and television shows. And also, obviously genetically

modified foods. Are there others? Are these important? Will they matter? Whatever you can tell us. Thank you.

Mr. Bruce Stokes: Right here.

Ms. Fiona Heath: Thank you. Fiona Heath from Brookings. Just a very quick question. Will energy play any role in these negotiations at all or will it be like WTO where it won't be covered? And, if it is not, what are the implications of the big energy debates that we've just heard about in the last panel?

Mr. Bruce Stokes: Great questions. Since in the U.S. if you have a free trade agreement with the United States, you don't need a license to buy L&G. Back in the back.

Male: Lano (inaudible) here in Brussels. Are the expectations not too high for this agreement? If I read this six-page document, which is on the website of the Commission, I found it lacks ambition. And if I don't reach--specifically ask myself for financial services, where before the prices, there was a very strong dialogue between the EU and the U.S., I (inaudible)

stiff financial services is not included. And we have no on both sides legislation, but very strong rules on the equivalence and one very much nitty gritty, so I expect that the whole financial services area will not be included, which is probably 20 percent of the trade which we have between the EU and the U.S.

Mr. Bruce Stokes: Okay and we'll do one more here. Actually, take that back there, that mic back there, and we'll get that next round.

Mr. Wolfgang Pordzik: Thank you. Wolfgang Pordzik with the HL in Washington, DC. A major element of the to begin process is focused on, if not regulatory harmonization, maybe identifying a set of mutually accepted principles to make it easier to operate economically between two regulatory regimes. Are there any low-hanging fruits you could identify where easy progress can be made in the regulatory arena?

And secondly, this argument is often made. It would then set the standard for the rest of the world. In other words, any short term results feasible between

the U.S. and the EU, and which of those would set the standard for the rest of the world in the regulatory arena?

Mr. Bruce Stokes: Okay, none of you are doing what I asked, which is to direct the question at a particular person. So I'll direct some of these questions to a particular person. Mr. De Gucht, what about the French, which was basically the question. But it's also about issues that might also be of interest to the Italians and others, things like GMOs, things like the system of geographic indicators, thank you. How are you going to address those?

Mr. Karel De Gucht: I like the French. I have no problem, I mean; I'm speaking their language rather fluently, so...

Mr. Bruce Stokes: A great non-answer, yes. Okay.

Mr. Karel De Gucht: So, yes, it is as if you would ask Mike, what about Montana? What about Texas? What about Delaware? I mean, yeah. Why do we need that kind of questions? You don't put any service to your

countryman, yeah?

Mr. Bruce Stokes: I was about to ask Mike one of those questions but to be--

Mr. Karel De Gucht: But of course there are differences between the twenty-seven member states--

Mr. Bruce Stokes: To be fair to Steve's question, I would say that when we had this conversation in Washington, what often comes up is, "Oh, the French when they went broke created this at the end of the day." That may or may not be true, but it is one of the perceptions that many people hold in Washington, based on past experience. So my question would be, maybe, Martin, as a question is what are the messages you're getting from Paris these days?

Mr. Martin Jaeger: Yeah. I don't get any messages from Paris. But that wasn't my point. That wasn't my point. I honestly just take issue with something you said in the beginning to us stay away from the platitudes. And I would say exactly the other way around.

The only way of succeeding with this is if there's political drive and political momentum. Stay with the platitudes, stay with the big picture, drive it from the political level. With due respect to a number of people here, if it sinks down to the trade negotiators, we are dead in the sense that--oh, sorry, guys. I'll buy you a drink afterwards.

No, but it must be driven from the big picture, from the political level. And it was derived both from the need to do something with our respective economies, and that is the message that should have a certain amount of resonance in among other places, France, and it must be driven from the political level in terms of what we do with the Atlantic world and the changing world.

If we get those things truly anchored in the political debates of our respective systems, then I think it'll be far easier to deal with the necessary compromises that will be there.

If we immediately sink down into the detail issues,

whichever those are, and quite certain that at the end of the day, if I ask the Swedish view, we might have a couple of those as well. But let's take that at the end, when we have firmly established the political leadership and the momentum. So stay with the platitudes, I would say, for as long as possible.

Mr. Bruce Stokes: On the political leadership issue, Mike, unlike the Bush administration, which categorically refused to go along with suggestion that Chancellor Merkel had in 2007, I believe, which was-- the Bush administration wouldn't even fund a study on this issue. The Obama administration has, and the president put it in the State of the Union, he's put a stamp on it. There is, though, still doubts that I hear in Europe about, well, are they really politically committed to this?

How do you reassure people when they're so uncertain about our political commitment? How do you reinforce the fact that you're now committed to this?

Mr. Michael Froman: Well, on the Bush

administration, you may have to ask other people in the audience who are--

Mr. Bruce Stokes: I don't care about them, I'll antagonize you guys.

Mr. Michael Froman: Well, to put that I am. But let me just say it, with regards to us I think the president has demonstrated, over the course of the first term, by taking the three FTAs that we inherited, Korea, Columbia, Panama. Upgrading them, getting them passed through Congress, some with historic bipartisan votes. Finishing the WTO Accession Process, working with the EU for Russia's WTO Accession Process, and getting 300 votes in the House of Representatives of paper-granting Russia from a normal trade relations status that we are quite forward-leaning on doing trade policy, as long as we're doing it in a way that we feel supports jobs and growth in the United States.

And that is our commitment. That's what we're doing through TTP that's what we'll do through TTIP; it's what we're doing in Geneva. We are pursuing a robust--

in fact, the most robust trade agenda, I would say, consistent with our focus on jobs and growth in decades, at least since the last democratic administration, when they did NAFTA and the Uruguay Round.

Mr. Bruce Stokes: Which Mike was also a part of. Martin Jaeger, I also want to ask you about regulatory low-hanging fruit. Are there some of those that you see from the industry sector that--

Mr. Martin Jaeger: Yeah, I definitely do, and I want to come back to Wolfgang's question because we think we now must get these things started, and this is why, on the automotive side, we set up a joint working group, European and American car industry, friends of mine, Brian Rampp, Audi, and Steve Biegun, Ford. They are here.

And what we did, we set up the (inaudible) road map. And we even identified--I brought the paper with me--it's quite impressive. See there, three pages of technical areas. That's the stuff we have to work on.

And we are quite confident that swift progress can be made in these areas. And maybe this time the automotive sector, manufacturing, can be the point of departure and there we can achieve swift results.

Mr. Bruce Stokes: Minister De Gucht, why isn't financial services in this deal? As it was mentioned, it's a huge part of the Trans-Atlantic economy.

Mr. Karel De Gucht: Let me just add, first, something to what Mr. Jaeger is saying. We have been doing that for a number of sectors, not only for automotive, also for pharmaceuticals, for medical devices and some other sectors where industry on both sides of the Atlantic have agreed on what should be done. I mean, what should be the program, and you could call that "low-hanging fruit."

On financial services, you have two aspects. You have, on the one hand, the regulatory, and then you have the market access, no? The regulatory, I don't think you should put it in the negotiations, but it's obvious that the discussions will continue alongside

the negotiations. But as far as we are concerned, market access in financial services should be on the agenda and that's also part of the mandate that we are asking from the Council of Mimesis.

Mr. Bruce Stokes: Mike, energy. To Fiona's question. What do you see are the implications of this deal for the energy sector?

Mr. Michael Froman: It's a very good question, and frankly I think it's an area we probably need to do some more talking and thinking about. We've had some conversations while we're here with energy experts on both sides to talk about what more can be done together. I'm not sure how many of those issues come down to trade, per se, and how many are already dealt with in other mechanisms.

As you mentioned, countries with whom the U.S. has a free trade agreement are not required to apply for a license in order to export liquid natural gas from the U.S.. There are other potential areas of cooperation as well.

Mr. Bruce Stokes: Okay, we're going to go to the audience again. We have one question here.

Mr. Bir Elm: I'm Bir Elm from Senegal. I'm not part of the discussion, coming from another place, but I would like the panel to elaborate a little bit more on what is being done to have the American people and the European people part of this partnership. You're talking a citizen to citizen, administration to administration, but nowadays, the world is globalized. It's about people to people, too. And I have not heard about that. Thank you.

Mr. Bruce Stokes: Great question. Right here?

Mr. Paul Adamson: Thank you, I'm Paul Adamson from E Sharp Magazine, in fact my question's linked to yours, sir, from Senegal. A lot of cynics out there saying this is going to go nowhere. If it goes somewhere, it'll take a long time to go somewhere. And all done in a very opaque way like classic FTA's. And as Carl Bildt has said, it's a question to Karel De Gucht and to Mike Froman, and Bruce, in his

introduction said, this is much more than an FTA. I just wondered whether you have already started thinking about some kind of way to make the whole system more transparent going forward? And this might lead to my friend from Senegal, because (a) along the way you need to give signs of progress without jeopardizing confidentiality of the discussions seems to me to give some information to the investment communities to start investing rather than waiting four or five or six years to do so, and secondly, there's a way to take some of the sting out of the tail of the activists who are out there who are already gearing up to try and block this. The more transparent you are, without being too sadistic and naive, the better your chances of success, I would suggest. Do you agree is the question?

Mr. Bruce Stokes: All right, okay. Over here?

Mr. Bruce Jackson: Thank you, Bruce Jackson, Project of Transitional Democracy, and this is for Carl Bildt. This high-level vision of staying at the highest level of this debate to keep public momentum, Steve

Arolina was talking about objections on this side or possible opposition from people who would like more subjects excluded from the discussions of a last treaty. The criticism from Montana, actually, Mr. De Gucht, is that it has to be more to be ratifiable in the Senate. So you've got two different markets, one wanting less and one wanting more. What's the high-level message that connects to both of those audiences?

Mr. Bruce Stokes: Great question, we'll take one more from the audience. And one back here.

Mr. Marcus Freitas: Marcus Freitas from Brazil. I wanted to ask Michael the following question. Brazil is an emerging country and it's a BRICs country. We've got the demographics still there and also the economy is booming still, not as much as we want it. But the question I have is this. I just heard that shale oil is going to become big in the future for the United States, and now the free trade agreement between the U.S. and Europe and the United European Union.

What message should I tell my students in Brazil?

Should they hope anything for the future? Is it the end of the world as we know it? Because we're becoming concerned. What do I tell my government about where the relationship with the United States will go in the future after this is signed?

Mr. Bruce Stokes: Great. Mike, why don't you take that first one and we'll go from there.

Mr. Michael Froman: Take that first one. Well, first off, Marcus, I'm going to Brazil tomorrow morning from here, so you can tell them it's okay. Look, we have a very close and deep relationship with Brazil, and we'd like it to be deeper and broader than it is today, including around trade and investment, energy, education, technology. There are a number of things, I think, that we could do together.

And to go back to a question, perhaps, that was made earlier, nothing that we're doing here is about ganging up or is at the expense of the BRICs or any other country. This is about U.S. working together to try and help set high standard agreement, open our

economies, new disciplines, all with the hopes that we feed that into the bloodstream of the multilateral trading system.

And so our fervent hope is that what we're doing here will have a positive impact, more broadly, including with countries like Brazil, and we're happy to explore any number of ways of furthering our relationship there.

Let me just say something about the transparency point, if I can, from the gentleman in Senegal, and the other gentleman. It's an extremely good point. And there is a broad interest in these negotiations from the NGO community, from other stakeholders, and obviously from our legislatures and our people more generally. And it is incumbent on U.S. to be pro-active in consulting with our legislatures, but also more broadly in society around these issues.

In the context of the transpacific partnership, we actually have several hundred stakeholders come to each of our negotiating routes. They come and we structure

opportunities for them to present to the negotiators - not just the U.S. negotiators, to the negotiators from all 11 countries. And so that all 11 countries are having an opportunity to hear from NGOs and others who have issues of interest in the negotiations. We take hundreds of meetings with them and we try and incorporate their views into our negotiating positions as appropriate.

So we very much believe that we have pursued trade in a more transparent way than ever before. That's important, given the increasing interest in it and the role of social media and other factors. And then we're going to have to do that very much around this type of trade negotiation as well.

Mr. Bruce Stokes: And I would say since many of those people are my friends, they're insatiable. Carl Bildt, you had a question directed at you.

The Hon. Carl Bildt: Yeah. Back to the big picture, which I think is fairly simple. I mean, it's a question of growth and a question of jobs. And that is the

message that we need to hammer in. And the fact that we are now discussing the possibility of this deal is of course a product of the fact that we have economic problems both in Europe and in the U.S. Had these been booming times on both sides of the Atlantic, I think this discussion would not have occurred. It is because of the economic problems that we've suddenly got a momentum. And as a matter of fact, the crisis, to a certain extent, helps. Because this is one of the ways in which we can get more growth and more jobs into the European economy and into the American economy.

And that's why I sort of keep repeating this is a message that we need to hammer in. Trade negotiations always go down into details. It has to do that. But it has to be driven forward all the time by the conviction that it serves some sort of bigger goals. And that we must do on the level of prime ministers and presidents and even perhaps people like foreign ministers. I don't know if it should be carried that far but, I mean, just theoretical.

Mr. Bruce Stokes: A question for both Karel de Gucht and Martin Jaeger. Historically, traditionally, economically from a theory point of view, nations engage in trade negotiations, in trade liberalization in part to drive domestic structural reform. To use the pressure of trade negotiations to drive domestic structural reform. What are the structural reforms in Europe that you think that will flow from a free trade agreement with the United States?

The Hon. Karel De Gucht: That's a very well phrased question, I must say. Both because you're probably hinting at what you see as major hindrances to get to that kind of agreement, GMOs, hormone beef, and all that kind of things. I firmly believe that we can discuss about a lot. We should discuss about a lot. We need a lot of political steering. Also, I agree even from ministers of foreign affairs because I have been it myself for quite some time and I have nothing against them. On the contrary.

But the idea that we would be able to avoid any

cultural differences is simply not true. So, for example, that as a result of this negotiation all of a sudden Europe would agree on hormone beef, it's not true. They are not going to do it. Whether right or wrong, they are simply not going to do it. And I don't think it's necessary, either, because you can find other solutions. For example, because America sets up a hormone-free production line for beef. They could do so, no? And it would make sense. In this kind of agreement it doesn't make sense now because they have very few possibilities to explore beef in the European market.

And the same for GMOs. I mean, we have a system for authorizing GMOs and there are a number of them authorized, 49 in total, 47 for feedstock for human consumption. And we have been proposing a new system for the cultivation of GMOs in Europe in 2010 and we put it on the desk of the parliament and the council and that would certainly give a number of possibilities. And I hold that over - personally, I

hold that over time we change our minds to a certain extent on that but that simply as a result of a trade negotiation you could do that. That's not true.

We will have to find pragmatic solutions and I think it's possible to find them. And then you also have to see that for a number of sectors the technology has completely changed the picture, you know? For example, the so-called cultural exception. The content of that has become completely different because a lot is on demand, you know? And the Internet is playing a major role in distribution.

So these are media that don't know borders anymore. It's quite different from where a French television station should have at least 50 percent of French music. No, it's not about that anymore. So the technologies have completely changed the picture.

So I think we can do it but of course it will not be easy. But I think Mike and myself have the advantage that we are in fact politicians. You know, we are not trade technicians. We know something about and we have

a lot of people who know much more than we do about it, but we are looking at it from a political perspective. I think it's very important in that kind of negotiation.

Mr. Bruce Stokes: Martin?

Mr. Martin Jaeger: Yeah. May I just add one observation? I think it's fair to say there might be people here in Brussels or in Europe who would take this (inaudible) thing as an opportunity to explore how far some provisions in the single market could be undone, opened. We think this is the completely wrong approach. They should stay off. However, what we want to achieve is fast and tangible progress and the best way would certainly be to go the way of regulatory convergence. But let's be pragmatic; wherever this is not possible at least we would need to reach some sort of mutual recognition, these kinds of things, to make progress.

Mr. Bruce Stokes: You mentioned the word "fast" so this is a question for Karel de Gucht and for Mike

Froman. I know the goal is to get this done as soon as possible, hopefully next year. I must admit in talking to people in the trade policy communities in both Europe and the United States, there are not a lot of people who believe you can get this done by next year. But that remains to be seen. But, Mike, you've used a famous phrase, "We want to get this done on one tank of gas," but that avoids the point of whether it's one tank of gas in an American SUV, a gas guzzler, or a Prius. So the question is, what is a reasonable time of frame? We can't get it done in a year. We do have experience with 10-year negotiations that never get done. So what's the outer limit here?

The Hon. Michael Froman: Well, we're not interested in a 10-year negotiation that doesn't get done. And that's one reason we took the time that we did together over the last 15 months, a high-level working group and (inaudible), Miriam Sapiro, Jean-Luc Demarty and others worked on together to identify what were likely to be the most difficult issues, where each other's red lines

or concerns or interests lay, what possible approaches there might be to resolve this.

We're not starting from a standing stop. We've been working on this for some time and, as you said in your platitudinous introduction this is nothing new here. I mean, people have talked about this for a long time. We know what the outstanding issues are between the U.S. and the EU. And so this is not an issue of discovery. This is an issue of how to find solutions.

We're both committed and our respective teams are committed to devoting the resources necessary to get this done as quickly as possible. And I know that the commissioner is commissioner until late 2014 and that is a good deadline for us to work to work towards to try and resolve this.

Mr. Bruce Stokes: Mr. Commissioner, anything to add to that?

The Hon. De Gucht: We have been doing already a lot of work also in the Transatlantic Economic Council, for example, in automotive and (inaudible). So we are not

starting from scratch.

Secondly, we know each other rather well. We know each other's economies rather well. And what you see in a number of trade negotiations is that just to get acquainted with each other is taking quite a lot of time. So this is not the case in this specific file.

Now, if you are serious and you say, look, this is good for growth and jobs, then you should try not to discuss about it for a number of years. Because the effect would go down drastically.

So we'll do our best and try to get to an agreement that is comprehensive that would also be a living agreement and that will be a benchmark, I believe, for future negotiations not only for ourselves with others but also between others. So we should try to do it as soon as possible. And, okay, let's go for it.

Mr. Bruce Stokes: Right. Okay. We're going to go back to the audience for a second. Over here.

Ms. Erika Mann: Thank you so much. Erika Mann, Facebook. I'd like to come back to one point, and this

is the (inaudible) on tariff trade barriers. And when you look at the point which was just raised that it would be good to see a regular convergence, I wonder if this is possible, really. I think it's certainly possible in established sectors which we do know well and which we do understand well, but I wonder if it is really possible and something desirable in areas which are still quite new. And so I'm just thinking about the Internet economy which will play probably a major role and maybe a quite conflicted one. So I can't see, really, you know, it really helpful to look for a regular to converge in this sector because the area is still not very well defined. So probably you want to look for something else. I am not sure if you want to reflect on this but I would appreciate it.

Mr. Bruce Stokes: Great question. From the audience again? Behind me here.

Mr. Gian Giacomo Mogone: Mr. Gian Giacomo Mogone from Italy. By listening to this discussion, I get the impression that the major political problem is the

reaction of the others. We've heard, you know, an Indian, a Brazilian, the reaction that was rather cagey.

What - I don't know if they're present - what are the Chinese and the Japanese saying? Because to be un-pragmatic for a moment, it would be a serious political and security issue if you got us all to have returned to a bipolar system that we were rather unhappy about. Risking all our necks for about 15 years.

So, I mean, I'm not saying that this is an argument against what you're talking about but I think in terms of general interest we have to very attentive to whatever reaction you get from outside. And it's frankly not enough for us to explain to them what is in their best interest. We have to get some perception of what their interpretation of their best interest is in this respect.

Mr. Bruce Stokes: Great question. I'll take another one right here.

Mr. Jun Arima: Jun Arima from Jetro, Japan External

Trade Organization. Because there was a reference to Japan. First of all, we very much welcome the launching of the negotiation between the EU and U.S. now for the free trade agreement. And of course, there was not so much reference to that fact but EU is going to start on negotiation with Japan and our prime minister has expressed his strong intention to participate in the TPP last Friday. So that makes a very much interesting triangle that is three major economies: U.S., EU, and Japan. It can form such a free trade triangles. So, of course, it is detail to work out a comprehensive agreement in WTO but if that is a (inaudible) situation then we could emphasize setting a high standard trade agreement, a comprehensive one, and setting the *tone for forthcoming agreement. So we generally very much welcome this movement.

So my question to Minister De Gucht and also Mr. Froman is, you know, the EUE is going to say, against and trading the situation with two big trade partners, namely U.S. and Japan, and also U.S. eventually if

Japan is accepted as a trading negotiation partner in the TPP, you might also negotiate with Japan through TPP negotiation together with U.N. negotiation with EU. So, what kind of practical dynamics might be created in your--engaged in trade negotiation with two big trade partners? That's my question.

Mr. Bruce Stokes: Great question. Maybe we start with that. What do you foresee the dynamics and bring Carl Bildt on this as well, in terms of the geopolitical implications. Because that also gets a little bit to the question of how the Indias and the Chinas of the world react to this. I'll introduce my own editorial comment here. They could have avoided this by finishing the Doha round, and they didn't. So, we have to remember that, I think. But, what about this new triangular trade that is negotiation that is about to begin? What are the implications?

The Hon. De Gucht: It's about the same the question that has been raised, which is back to (inaudible) with Canada and with Mexico. If we want to make a deal

within a reasonable timespan, we have to do it between the two of us.

Mr. Bruce Stokes: Well, I think that was—

The Hon. De Gucht: But it should not be directed against anybody and I think it should also not be client of a close shop, you know. So for example, when we establish Sanders together, let's take (inaudible) sector. I would be very much in favor that it's an open standard that also China can agree to. I wouldn't have any problem with that.

What I have a problem with is that the Chinese say, look, if you will invest in China in the classical cars, you'll also have to invest in the electric cars, and the result of that investment in the electric cars should be a Chinese brand, you know. Because that's a closed shop on their end, you know. That I don't want, but we shouldn't be defensive and we should be open on what we have as a result and I think it's to all our advantage and to the advantage of China and India and you-name-it, that we have world-wide standards, you

know.

But what we should not do is end up in a situation, U.S. and ourselves, that they impose standards upon us, you know. That we are not going to accept. But it's certainly not to close it to anybody else in the world.

Mr. Bruce Stokes: Well, specific issue, Mike, is in TPP, and I assume in the U.S./EU deal, there will be discussions at least about rules for Standard enterprises. What level of subsidized finance can they have? You know, how do they operate in both of our entities? We're both about to receive massive amounts of Chinese investment over the next 10 years, if the projections are correct. We're all going to welcome that. It's going to create a lot of jobs. That's wonderful. By the same token, a lot of that investment is going to be by Standard enterprises. And, I know in the TPP this has been an issue for us. And we've tried to pursue it.

If I'm Chinese and I look at that, I'm going to say that's directed at me. This is an anti-Chinese thing

you're doing. How do you handle that? What do you do?

Mr. Michael Froman: No, in our TPP effort and I imagine it will feed into our TTP effort as well, dealing with the global economy as it is now, not as it was in the last century, is a critical component of ultimately strengthening the multi-lateral trading system. And certainly the role of Standard enterprises, the role of regulation, the role of innovation policy, none of these are directed against a particular country. By the way, many countries have Standard enterprises. And, the same issues, the same disciplines, should apply in terms of them operating on a level playing field with private enterprises who are trying to compete in the same sector.

So, I would underscore that this is not directed against anybody. And whether it's with you, and Japan, or in TPP or others, I think there's a very positive dynamic that we haven't sited, here, which is as each of us, as all of us, wrestle with difficult issues, and agree to open our economies in one form or another, or

in our case, figure out how to work together more closely on regulation and standards, that's a good in and of itself, but it also sends a signal that we're willing to deal with difficult issues. And to go back to where we are in the multi-lateral trade round, we want countries willing to come to the day pole, willing to take on difficult issues to make that process work better.

Just to respond to the Italian gentleman's comment. China is running around the world signing free trade agreements. I didn't hear your comments saying shouldn't they consult with us before doing so, because what might our reaction be? We are all doing what we can to further trade liberalization and ultimately, in the case of what we're trying to do in terms of establishing new standards, and establishing new disciplines, hopefully strengthens the multi-lateral trade regimes as well.

Mr. Bruce Stokes: What about the issue of regulatory convergence in the digital technology area

where we have potentially huge problems around privacy, and the balance between economic benefit and privacy. We know that the European Parliament has spoken very, very loudly about this issue. I'd say it's not as big an issue yet in the United States, but one can see politically the potential for that. Are you going to shy away from this? Are you going to try to tackle it?

The Hon. De Gucht: I would like to start by giving a more general answer. The whole idea that if it's a new technology, we should not have regulatory convergence, because it's not established yet, I think that's a completely wrong approach, you know. It's completely the opposite. What we should try to do is have mechanisms by which from the start when there are new regulatory problems that we work together. And that we establish the norms, the standards, and the regulations together, you know. Because once they are established, well, then the culture element comes in. And of course, everybody's convinced that regulation that has been established by him or by her is the best

one. So the only way to avoid that is doing right from the start, more generally.

Now, on the specific sector, there are certainly, a number of problems that will have to be addressed. And not only in European Parliament. But also in American Congress. You got all this SOPPA and HIPPA or what is it? You've got the same kind of problems. Because, and this is something we should, I think, thoroughly discuss with each other, it's about the dividing line on what is free access and where the classical system of remuneration should play. And that's not easy to draw that dividing line, because it's also about the dividing line between freedom and obligations, you know. So, and this is a discussion that is ongoing and that also has blocked to a certain extent, the whole AGTA discussion. But you have to come back to that. At in the college we are prepared legislation on a number of issues that have to do with that.

Mr. Michael Froman: Let me just underscore what Commissioner De Gucht said, and give you the practical

example. We have regulatory convergence in the classical fields. But the thing where we made the best progress was electric mobility. Where we jointly defined new standards. And that was quite successful. (Inaudible). So that could be a real advantage. It's not necessarily a disadvantage.

Mr. Bruce Stokes: Okay, we have time for a few more questions. Behind me? Here. Right here.

Mr. Andrew Kahn: Andrew Kahn. I just wanted to give a very sort anecdote which I hope offers you some hope. Fifteen years ago, I was a chef to Cabernet in the Commission, and Layton Britain was holding the posted commission (inaudible) now holds. And he came forward with a proposal for an EU/U.S. free trade agreement.

And the reaction within the Commission was laughter. There was almost no support at all. The reaction most members states was silence. There was no interest at all.

And I just make the point that now, 15 years later, the world is completely different. That the Commission

is addressing this very positively, when before, there was--the Commission was strongly opposed. Layton Britain was seen to be doing some wild British thing. And, the member states equally--

Mr. Bruce Stokes: He did a lot of wild British things, but anyway.

Mr. Michael Froman: --Layton Britain's a great guy, and the one adjective I wouldn't use about him is wild. He's the calmest person I know. But I just wanted to say that the atmosphere, it must be completely different now, if the Commission is committed to this and the members stated interest in it.

Mr. Bruce Stokes: Great. Okay. And we have right here, and then two over there, and then we'll be done. Yeah.

Male: Hi. (Inaudible) I have a couple of quick questions for Mr. Froman. You said late 2014 is the deadline. There are Congressional elections the end of 2014. So I'm wondering how you see that political timing working. And also, just broadly (inaudible) he

talked about we need to lead this from the political level, talk about U.S./European transatlantic relations. Is that a good sell in the U.S. right now?

Mr. Bruce Stokes: Good question. Back over here.

Mr. Tom Bride: Tom Bride, Brookings. And on the first day of the conference, the EU Ambassador said the U.S. said that one of the best things about the trade negotiations is that it changed the narrative on the EU and euro zone from the euro crisis to the trade deals. So I was just wondering if the panel had thoughts on the extent of which the crisis provided the impetus for the trade deal in Europe, or was the demand for it a few years ago. And related to that, a question for Michael Froman, are you concerned about a re-emergence of the crisis following the EU still (inaudible) to cut deposits for all depositors below 100,00.

Mr. Bruce Stokes: And Elmer, you've got that last word.

Mr. Elmer Brok: Thank you, Bruce. First of all, I must say that in European Parliament is a broad support

for the whole project. And we organize ourselves in a way to support it, not to stop it. Also the relationship between (inaudible) which might be concern in that. And I think that's an important question.

And it was always European Parliament that were pushing for it in the last five, six years.

But the thing, one point is also important. And it was mentioned by Commissioner De Gucht. It's the point of new questions arising, new legislation arising, and here I think we have to organize ourselves better, not just in European Parliament, but in the relationship between your Parliament and Congress. That from the very beginning it's not only on an administrative level, but also the level of the legislators. A relationship that with new legislation we don't go in different direction and then create new problems, which have to be solved.

So, this incoordination also, and this question for new legislations, I think it's a very important question, that it's an ongoing positive process.

Mr. Bruce Stokes: Okay, maybe both Karel De Gucht and Carl Bildt and Mike could address the question of political timing. Even if we don't get this done in 2014, there is a presidential election in 2016 in the United States. And clearly if this is going to be a legacy of the Obama administration, it better be done before that. So, I'd be curious--and we have a history in the United States of not necessarily wanting to vote on one of these things too close to an election.

So, how does this fit into the political timing in Europe and in the United States, do you think?

The Hon. Carl Bildt: Well, I mean, Europe, of course, have elections all the time. I mean there's always elections sometime. But the big thing coming up is, of course, next year. You have Parliament election and then the Commission, including your trade commissioner. And if it's possible to conclude this by the autumn of next year, I think that would, by far, be the best. Because then you have a team in place, you have a schedule, and you have the drive, and you have

the momentum.

If you're going to shift gears, so to say, with new teams and things like that, it slows down, makes it somewhat more difficult. That is why I sort of stress all the time, big picture, drive ahead, full speed, high risk rate, momentum.

Mr. Bruce Stokes: But, actually this is a question maybe for our members of the European Parliament. There's no way, even if we got this negotiated by the middle of 2014, that you could actually get it voted on in the European Parliament by then, right?

The Hon. Karel De Gucht: Nope, nope.

Mr. Bruce Stokes: I mean it would have to be the new Parliament that approved--okay. I just wanted to clarify that point. Mike, political calendar in the U.S.?

The Honorable Michael Froman: Well, let me just be clear on both of those points. The substance should drive the timing. And, I've referred to 2014 for all the reasons that the Foreign Minister just mentioned,

which is that there is a turnover and that's a convenient milestone to focus on. But we shouldn't be bound by an unnatural deadline. We should be focused on the substance of getting the agreement right, and when it's done right, then we should complete it and move it forward through our respective processes for approval. And obviously there will be dynamics in both sides of the Atlantic over elections and the like. And we'll take that into consideration.

But, again, I think on the substantive issue, I think the two of us see no reason, after spending the last 15 plus months focused on what the outstanding issues are, spending the last several years in the Tech trying to move some of these things forward, and knowing, over the last 15 years as this gentleman said, how long this has been discussed. And everyone knows what the outstanding issues are that with the appropriate political will, as Carl Bildt said, that we can't try and move this forward in a reasonable period of time.

Mr. Bruce Stokes: Final point, quickly, from both of you, Karel De Gucht and Mike Froman, perception. The crisis. How is the European crisis--the euro crisis--how has it affected the perception in Europe of why did to do this now, how to do it, can we get it done?

And Mike, what do you think the reaction is in the United States in terms of should we in essence, get in bed with Europeans? Are we going to catch their disease if we do?

The Honorable Karel De Gucht: I think the big difference, I believe, of this agreement, the negotiation between the EU and the U.S., and for example, the EU negotiating with an emerging economy is that for a negotiation within emerging economy for example, is part of a fear that it would rather cost jobs instead of getting jobs, you know. Now this fear does not exist, I believe, when you discuss between the EU and the U.S., because there's already--it's the commerce highway in the world. 800 billion euros a year, 50 million people on both sides of the Atlantic,

but it's almost no even medium-sized enterprise and company that hasn't facilities on both sides of the Atlantic. So, the risk is much less sensed with respect to that, and I think it's also it is right. I mean they have the right feeling about it.

The negotiations with the emerging economy is much more challenging, because they don't have again this symmetry that you have to master and how are your projecting that into the future? So, that's I think the big difference and that's why I believe it should normally be easier to get a lot of support in European society for this kind of deal. Not that I think other deals are not good ones. That's something else. But the political difficulties are different, because with an emerging economy you're facing that problem of asymmetry.

We are, for example, also not facing that problem of symmetry with the country like Canada. That's also why I use--you don't see a lot of criticism on that (inaudible) in Europe. So, people, although they are

not experts in trade, they know very well what it is about, you know.

Mr. Bruce Stokes. Right. Mike? Any final words?

The Honorable Michael Froman: Look, I agree with all that. I would simply say the following. Every morning at the White House, we have a staff meeting where we are focused on what each of us can do in our respective areas of responsibility to promote jobs and growth in the United States.

And so we're asked, what are we doing in our area to do this?

It's not just because of the crisis. It's because we need more jobs, we need more growth. And in our view, what we've done in our trade agenda today, than what we've laid out for going forward, is very much designed with that in mind, and provided we're doing it in a way that brings in- -consults with Congress, consults with stakeholders, and brings them in to support a pro-growth, pro-job creation agenda. We think it's the right thing to do and we'll have the support

for it.

Mr. Bruce Stokes: This has been great. I want to thank all of our panelists and we'll welcome back next year for a report card on how far they've come in the negotiations. Thank you.

Mr. Craig Kennedy: Thank you, Bruce. Thank you so much. Thank you, panel. Now we're going to go for dinner. Go upstairs, grab your coats. On the back of your badge is a number that says where you're going to dinner. There'll be GMF staff in the lobby that will help you get to your right transportation bus, car, whatever we're taking. And, we'll see you at the Night Owls at 9:45.