

Strategic Partnership Between The European Union And United States Of America

NICOLETA GEORGETA PANAIT

Department of Finance and Accounting

Faculty of Economic Sciences

“Nicolae Titulescu” University

185 Calea Văcărești, 4th District, Bucharest, code 04005

ROMANIA

nico.panait@gmail.com

Abstract:- European Union is one of the largest markets in the world for the import of goods and services, especially those with high added value, is the area with the biggest investment of foreign companies and one of area with the largest number of foreign investments abroad. The European Union is still a market with a huge attractiveness for investors. EU and US seek to strengthen mutually beneficial economic partnership and have the ability to consolidate the two economies. Through strategic partnerships, EU seeks to create alliances to achieve its foreign policy objectives globally.

Key-Words: - strategic partnership, grand strategy, trade, investment partnership, trilateral, cooperation.

1. Relation between EU and United States

Relations between the EU and the United States during the crisis have not been consistent, each of the two being primarily concerned with domestic affairs. America put her efforts towards areas more attractive in economic terms, such as Middle East and Central Asia, while Europe was being interested only to the internal crisis. The size and nature of the synchronized global crisis highlighted clearly as possible the high degree of interconnectivity that currently exist between the financial markets and commodity markets (goods and services), which was in turn a factor of pervasive negative effects of crisis on all regions of the world [1].

Concerning United States foreign policy we can assume that EU is the closest ally. In 1999 was founded the Transatlantic Legislators Dialogue (TLD). TLD brings together MEPs and members of the US House of Representatives, with inter biannual meetings, which are held alternately in the US and Europe. Even if the EU and the United States have the same vision in all matters of foreign policy, they remain the most reliable and most important allies reciprocal. Their connections resisted foreign policy over decades, despite changing political configurations and geostrategic changes on both sides.

EU-US cooperation in foreign policy focused on the Middle East, both promote a solution for Palestine and Israel which implies the existence of two states. EU and US have also worked to limit Iran's nuclear program and respond to global crises, including those in the Sahel, Syria and the East of Africa. From the "Arab spring", the EU and the US have tried to coordinate efforts aimed to ensure that post-revolutionary countries in Middle East and North Africa will continue their democratic transformations and constitutional reforms. US acted in the same way as a partner of the EU Eastern neighborhood, contributing to pressure for policy reforms, particularly in Ukraine and Georgia.

In terms of political and military cooperation it became more intense after the dramatic events in Ukraine, especially, the illegal annexation of Crimea by Russia Federation in March 2014. The US has proven to be a reliable partner in security for a number of EU Member States, as demonstrated by collaboration between the North Atlantic Treaty Organization allies (NATO). Profitable synergies were realized with EU missions in the Common Security and Defense Policy (CSDP) and, in particular, between NATO and CSDP, in theaters such as Afghanistan, Iraq, Kosovo, Bosnia and Herzegovina and the East of Africa.

In TLD, were exchanged views on how it can ensure long-term sustainability of public finances and how to strengthen coordination in financial regulation, another common concern of the EU-US constitutes a cyber security and Internet freedom. Here, the discussion often focuses on three areas: computer security

cooperation, harmonization of trade "Information and communication technologies' (ICT) and closer cooperation on global governance in promoting an agenda on Internet freedom. Harmonization of ICT standards is likely to capture much of the discussion on "Transatlantic trade and investment partnership" TTIP.

The "Transatlantic Trade and Investment Partnership" (TTIP) tries to remove barriers to trade (tariffs, unnecessary bureaucracy, excessive regulation, restrictions on investments, etc.) in a variety of sectors, to facilitate the buying and selling of goods and services between the EU and US.

The treaty will refer specifically to the following sectors: automotive industry, chemicals trade, pharmaceuticals trade, commerce and investment in raw materials, energy trade and investment, agricultural products and foodstuffs trade. In almost all of these areas, it raises the issues of cooperation in achieving technological progress and ensuring environmental protection.

A trade agreement and investment between the first two economies in the world who detain together approximately 50% of world GDP and for nearly a third of total world trade, provides an opportunity to stimulate economic growth and create jobs both sides of the partnership.

2. Partnership between EU-US - an agreement with positive effects for these two economies

In 2012, the EU has defended the position of the second most important trading partner of the US in the imports of goods – first place China, other partners being Mexico and Canada – members of Free Trade Agreement North American (ALSN).

Before deciding to negotiate a trade agreement, EU has conducted an assessment of the impact of the potential effects of the agreement. This evaluation examines not only the potential economic impact, but also social and environmental impact possible. The evaluation examined what might happen as a consequence of different degrees of trade liberalization between the EU and the US. In each case, the overall result for the EU was positive, but it was clearly that a greater degree of liberalization would be directly proportional to an overall positive result.

Based on the independent report published in March 2013 by the Centre for European Policy Research (London) The European Commission estimates that the trade partnership between the US and EU, companies could save millions of euro, it will create thousands of new jobs after implementation Full Partnership, a European average household would annually earn more than 545 Euros now, the European economy would increase by up to 120 billion dollars annually. The additional economic growth would be beneficial for everyone, whereas strengthening trade relations contribute to strengthening European economies, supply and demand will grow without this entail public spending or additional borrowing.

From the point of view of the EU, the US was the most important destination for EU exports in 2012, absorbing 17.3% of total EU exports (compared with 8.5% in China). However, the US ranked only third among EU import partners, providing 11.5% of the goods imported by the EU, after China and Russia (which provided 16.2% and 11.9% of total EU imports).

In the period 2011-2012, EU services exports to the US have increased, as well as EU services imports from the US. In 2012, the EU recorded a surplus of 11.2 billion in trade in services with the USA.

Table no 1. EU-US Trade 2009-2012 (billion EURO)

Year	EU imports from the US	Exports of goods by the EU to the US	EU balance (goods)	EU Imports of services by US	Exports of services by the EU to the US	EU Balance (services)
2009	206,3	159,2	- 47,1	123,9	119,1	- 4,8
2010	170,4	242,3	+ 71,9	130,5	127,1	- 3,4
2011	184,2	260,6	+ 76,3	138,4	143,9	+ 5,5
2012	205,8	292,2	+ 87,0	145,6	156,8	11,2

The source: European Commission, DG Trade

EU and the US are each other's largest investors. You might say that direct bilateral investment - which by nature is a long-term commitment - is the driving force of transatlantic trade relations. This is reinforced by the fact that trade between parent companies and subsidiaries of EU and US account for over one third of the total transatlantic trade. Estimates indicate that EU and US businesses operating in the other partner provides employment for 14 million people.

Table no 2. Stocks EU-US bilateral investment (billion EURO)

Year	US FDI stocks in EU	EU FDI stocks in the US	Balance
2011	1 344,3	1 421,3	77,0

The source: European Commission, DG Trade

3. US-EU relationship in agriculture

Food security, biodiversity conservation and climate change are fundamental issues that interest both the EU and US, and the common agricultural policy must address and integrate them, even if the methods may be different objectives are the same.

The Common Agricultural Policy aims to support agriculture to ensure food security (in a context of climate change) and to ensure sustainable and balanced development of all European rural areas, including regions facing difficult production conditions.

European Union is by far the largest importer of food products in the world. Through its development policy, the EU supports developing countries to sell their agricultural products in the EU. This is achieved by granting preferential access to its market. Each year, the EU imports from developing countries agricultural products worth around 60 billion Euros, more than the other major importers in one place USA, Japan, Canada, Australia, etc.

The Common Agricultural Policy is reformed to in order to strengthen the competitiveness of the sector, to promote sustainable agriculture and innovative to support employment and growth in rural areas, increasing agricultural productivity by promoting technical progress and by ensuring the rational development of agricultural production and optimum utilization of the factors of production, especially labor forces.

Reform of the Common Agricultural Policy of the EU and high commodity prices had the effect that both sides were prepared to discuss agriculture and to negotiate the opening of their markets.

In the EU, agriculture is a permanent occupation for 12 million farmers. Together, agriculture and food industry - which is highly dependent on agriculture for supply – represent 6% of EU GDP, 15 million businesses and 46 million jobs, by comparison, the US has only 2 million farmers for an average farm size of 180 ha.

This must be multifunctional agriculture. It must respond to citizens' concerns about food (availability, price, variety, quality and safety), to protect the environment and allow farmers to earn a living from their work.

In agriculture sector, US plant health regulations prohibit the importation in US of apples, also US food safety rules banning the importation of several cheeses from Europe. Removing tariffs and other trade barriers will allow European producers to sell more Americans that will be beneficial for business and creating jobs. Removing barriers to US products and investment will mean more choice and lower prices for the citizens of Europe. It is clear that both sides will benefit from greater openness of their markets trade and investment. It will be a win-win situation for both parties.

4. Conclusions

Additional economic growth that should result from transatlantic trade and investment partnership will bring benefits for all. Boosting trade is a good way to encourage our economies by creating applications and offers enhanced, without the need to increase public spending or lending. Transatlantic Partnership trade and investment would be the cheapest economic stimulus package can imagine.

Although tariffs between the EU and the US are already small (average 4%), the combined size of the EU and US economies and exchanges between them means that the elimination of tariffs will be beneficial for creating jobs and economic growth. The area where these negotiations could bring real savings for businesses, create jobs and bring better value to consumers is that of eliminating unnecessary rules and regulations - the so-

called 'non-tariff barriers' (BNT). Non-tariff barriers are the result of differences in regulations and standards. Removing them can be complicated because, although both the EU and the US have well developed systems to ensure safety and consumer protection, they often adopt different approaches to achieve the same objective. Obligation to comply with two separate sets of rules can cost time and money.

The cost of carrying unnecessary bureaucracy can add the equivalent of tariffs amounting to 10-20% from the price of goods, an additional expense paid by the consumer. In fact, an independent study conducted by the Centre for Economic Policy Research based in London entitled "Reducing barriers to Transatlantic Trade" (Reducing barriers to transatlantic trade) calculated that up to 80% of the economic benefits would come from reducing TTIP costs imposed by bureaucracy and regulations and the liberalization of trade in services and public auctions.

Practical examples of this would be:

- Both the EU and the US have higher standards for vehicle safety. The partnership would allow the EU and the US to mutually recognize standards so that vehicles that have been proven safe for the sale of a part of the Atlantic could be sold to the other side without having to pass additional tests or to be adapted to meet additional specifications;

- European construction firms -Access to public tender offers in the US could mean that they could compete for large projects in construction and public transport in the US.

- European businesses, workers and citizens would benefit greatly from a more open US market. The EU has many extremely competitive businesses, producing high quality products and services, including many leading sectors worldwide and renowned brands.

Despite strong economic integration between the EU and the US, international experts assessed that bilateral partnership is weak because the Union's strategy towards the US is not clearly defined [7].

References:

- [1] Bari Ioan, *Globalization of the economy*, Economic Publishing House, Bucharest, 2005
- [2] Bari Ioan, *Contemporary global issues*, Economic Publishing House, Bucharest, 2003
- [3] C., Bonciu F., Trends in the evolution of global trade protectionism. Causative factors, manifestations and implications, Romanian Academy, INCE, IEM, Bucharest, November 2011
- [4] Fratoșțițeanu Cosmin, *International Economic Organizations*, Universitaria Publishing, Craiova, 2008
- [5] Ghibuțiu, A., Structural changes in the field of international trade and the consequences for trade policies and multilateral cooperation, Romanian Academy, Bucharest, 2011
- [6] Miron, Dumitru, cond.st. Sută, Nicolae, *International trade and trade policy contemporary vol. 2: International trade theory and doctrine*, Economic Publishing House, Bucharest, 2003
- [7] Pawlak Patryk, Conclusion: *Transatlantic Integration and the Practice of Cooperation*, in: *De Vasconcelos*, Álvaro (editor), The Agenda for the EU-US Strategic Partnership, European Union Institute for Security Studies, Paris, 2011
- [8] Richard Little, Barry Buzan, *International systems in world history*, Polirom Publishing, 2009
- [9] Roșu Hamzescu Ion, Cosmin Fratoșțițeanu, *Technical foreign trade operations*, Universitaria Publishing, Craiova, 2008
- [10] National Institute of Statistics (NIS), *Statistical Yearbook 2013*
- [11] United Nations/DESA, UNCTAD et al. (2012), *World Economic Situation and Prospects 2012*, United Nations, New York, January 2012
- [12] UNCTAD, Development and Globalization. Facts and Figures – UNCTAD, 2013, <http://dgff.unctad.org/chapter1/1.1.html>
- [13] <http://www.europarl.europa.eu>
- [14] <http://www.infoeuropa.org>