

Introduction

Services serve an increasingly important role in the global economy. We can currently observe an increase in the share of services in the gross domestic product, employment and international trade. Currently, the services sector contributes to the creation of more than two-thirds of the world product and is a rapidly growing component of the world trade. The structural changes now taking place within the individual national economies and international trade have prompted the states to take measures to liberalize international trade in services. The disciplines designed to eliminate the barriers in the international trade in services are not only a fundamental component of the multilateral trading system of WTO but, since the 1990s, they have also become an established feature of the regional and bilateral preferential trade agreements. Taking into account the significance of this sector in the US and European economies, it seems that the trade in services will be one of the worthwhile negotiating areas within the Transatlantic Trade and Investment Partnership (TTIP), which is currently being developed. This article aims to present how important the negotiations on services are for the EU and the US economies. Below will be characterized the role of the services sector for the above-mentioned economies, bilateral trade in services and the main issues in negotiations on services within the development of the Transatlantic Trade and Investment Partnership.

1. The services sector in the EU and the US

Analyses devoted to the US economy as well as the EU economies qualify them as postindustrial economies in view of the contribution of the services sector to the GDP, employment and the role of this sector in international trade.

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According to Daniel Bell, already in the 1970s, societies of the highly industrialized states entered the post-industrial phase in which the industry was replaced by the services sector.¹ This significant transition of an industrial society into a post-industrial civilization impacts on the structure of the economy, the professional structure of the society and the related organizational structures in science, technology and planning. As regards the professional structure of the society, we can observe an expansion of service professions, and especially of various highly-qualified specialists and experts (engineering-technical, academic). Therefore, the main role in the development is played by the scientific research, knowledge and innovations.

Regarding the economies of the highly-developed countries, apart from the terms of the post-industrial economy and service economy used by Bell, one can also use a few more terms, each highlighting to some extent the service nature of these economies. In particular, these include: knowledge based economy, which emphasizes the dominance of a new resource – knowledge in the economy, Toffler's term – “Third Wave”, Fourastie's *Tertiary Civilization*, in which employment dominates in the third sector (services), Innovative Economy showing the importance of the continuous change and flexibility ensuring a competitive edge, Intangibles Economy whose importance is noticeably growing in every line of the social life, Digital Economy, Electronic Economy, Internet Economy and Information Society, underlining the role of information and information media, and, ultimately, Network Economy which is an alternative to the hierarchy.²

All the above-listed terms in the literature concerning this subject are utilized to characterize one of the development mega-trends of the currently changing reality, which is the shaping process of so-called New Economy.³ Definitions of this term draw our attention to the following

¹ D. Bell, *Technocracy and Politics*, “Survey” 1971, Vol. 16, No. 1, p. 3.

² M. Cyrek, *Sfera usług jako obszar kreowania miejsc pracy w nowej gospodarce*, in: *Problemy wzrostu gospodarczego we współczesnych gospodarkach*, ed. D. Kopycińska, Printgroup, Szczecin 2006, p. 149.

³ *Ibidem*, p. 149.

elements: importance of knowledge and information, development of new technologies enabling the flow of information, the growing share of value added of services, increasing competition, new possibilities and changes in business strategies, globalization of the economy, removal of barriers to trade, individualization of products and services while benefitting from economies of scale.⁴ It is also worth noting that the development process of the new economy is based on three main trends which include: the increasing importance of the services sector while growing investment in intangible assets, development of new information and communication technology together with the creation of a new information society, as well as new requirements and approach to knowledge in learning organizations and also increased innovativeness.⁵

The US economy and EU economies have long been part of the worldwide trend of developing the new economy characterized by the servitization of social-economic life. This fact is confirmed by i.a. indicators regarding the structure of GDP, the employment structure or even international exchange. For many years now, 70% of the US GDP has been generated by the services sector. Currently, services cover 79.4% of the US GDP. As regards the industry and agriculture, they make 19,5% and 1,1% of the US GDP respectively.⁶ After a relatively rapid growth in the 1970s and 1980s of the 20th century, the services sector now creates over 70% of employment in highly-developed countries. An example of this is actually the US where only 0.7% of the employed work in the agriculture, 9.4% in the industry, whereas as much as 89.9% has been achieved by services.⁷ Similarly, in the EU the services sector generates over 2/3 of the global product and employs over 70% of the employed labor. With respect to gross value added generated in the services sector among the EU states, the dominating ones are: France, Belgium,

⁴ More T. Kotowski, *Nowa gospodarka*, in: *Internacjonalizacja i globalizacja gospodarki polskiej*, „Prace Naukowe Akademii Ekonomicznej we Wrocławiu” 2001, nr 893, p. 209.

⁵ M. Cyrek, *op.cit.*, p. 150.

⁶ www.cia.gov/library/publications/the-world-factbook/geos/us.html (10.06.2013).

⁷ *Kay Indicators of the Labour Market*, <http://kilm.ilo.org> (10.06.2013).

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Denmark, Greece, where this contribution amounts to 70%. The biggest number of jobs in the services sector is offered by the UK, the Netherlands, Luxembourg, Belgium, France and Germany. Increase in the productivity of the services sector in the EU is still much lower than in other highly-developed economies.⁸

Confirmation of the importance of the third sector in the European Union and the US economies is also the following data on foreign trade. In 2012, the EU provided services to the international market worth USD 830 billion which accounted for 24.8% of the world exports of services. During that time, into the EU market there were brought services worth USD 651 billion, which accounted for 20.1% of the total world imports of intangibles. The advantage of the European Union over the following economies in the major trading powers ranking is significant. The United States, which is the second largest global exporter and importer of services after the EU, at that time reached the level of USD 621 billion in exports (18.6%) and USD 411 billion in imports (12.7%).⁹ In 2012, the EU brought in services worth EUR 148.9 billion from the United States. In turn, the US imports from the EU amounted to 163 billion EUR at that time.

2. The TTIP negotiations

The trade relations between the European Union and the United States are conducted under the WTO rules, though it does not mean that there were no proposals for developing preferential conditions of trade between these two entities. One initiative of this kind was a proposal for a Transatlantic Free Trade Area (TAFTA). The establishment of the TAFTA was meant to ensure more freedom of action for entrepreneurs and intensification of mutual trade exchange. The idea has not been put into effect due to failure to reach an agreement between both partners. In addition, the initiative to create a free trade area between the USA and the EU raised concerns among third countries. The establishment of such

⁸ L. Vogt, *The EU's Single Market in Services: at Your Service?*, OECD, Paris 2005, pp. 6–7.

⁹ *International Trade Statistics 2013*, WTO, Geneva 2013, p. 27.

a large and strong economic organism could threaten the states which are outside it.¹⁰

The idea of the TAFTA was never realised, and neither was the next proposal contained in the New Transatlantic Agenda of 1995. The proposal concerned the establishment of a Transatlantic Marketplace,¹¹ which was to contribute to gradual reduction of barriers in the movement of goods, services and capital, and as an end result, to the facilitation and intensification of mutual trade and investment relations.

After these two failures, one definitely positive result of the transatlantic cooperation was the establishment of the Transatlantic Economic Partnership (TEP), which followed the 1998 EU–USA summit in London.¹² The actions planned under the partnership included the establishment of a more open and accessible world trade system, as well as the improvement and development of economic cooperation between the EU and USA. Other effects of the TEP initiative include agreements facilitating mutual trade and the strengthening of cooperation within the framework of transatlantic economic dialogues.¹³

Yet another initiative towards the institutionalisation of transatlantic economic relations was the Positive Economic Agenda (PEA) created as a result of the decisions made at the 2002 EU–USA summit in London; whereas in 2007 the two partners adopted the New Framework or Advancing Transatlantic Economic Integration between the European Union and the United States of America, which was to strengthen cooperation in this field.¹⁴ The objectives contained in this document are

¹⁰ A. Jarczewska-Romaniuk, *Stosunki transatlantyckie*, in: *Dyplomacja czy siła? Unia Europejska w stosunkach międzynarodowych*, ed. S. Parzymies, Scholar, Warszawa 2009, p. 204.

¹¹ *New Transatlantic Agenda*, http://eeas.europa.eu/us/docs/new_transatlantic_agenda_en.pdf (17.06.2013).

¹² See *Transatlantic Economic Partnership: Action Plan*, “European Business Journal” 1999, Vol. 11, pp. 24–34.

¹³ A. Wróbel, *EU Commercial Policy in a Globalised World – Factors and Instruments*, in: *Introduction to European Studies, A New Approach to Uniting Europe*, eds. D. Milczarek, A. Adamczyk, K. Zajączkowski, Centre for Europe, University of Warsaw, Warsaw 2013, p. 336.

¹⁴ See *Framework for Advancing Transatlantic Economic Integration between European Union and United States of America*, www.eeas.europa.eu/us/docs/

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realised by the Transatlantic Economic Council (TEC), which coordinates the work of the parties to achieve deeper economic integration.¹⁵

Undoubtedly, a breakthrough in the bilateral trade relations between the European Union and the United States is the fact of launching the negotiations on a trade agreement called the Transatlantic Trade and Investment Partnership. In November 2011 at the EU-US Summit, a High-Level Working Group on Jobs and Growth was established, chaired by Ron Kirk, the US Trade Representative, and Karel de Gucht, EU Trade Commissioner. It was tasked to identify policies and measures to increase EU-US trade and investment to support job creation, economic growth, and international competitiveness; a deal that would be mutually beneficial. In the final report of the Group released on 13 Feb 2013, it was recommended to launch negotiations.¹⁶ On 14 June 2013 the Council authorized the Commission to enter into trade and investment negotiations with the US. The official commencing date of the negotiations was announced at the G8 summit on 17 June 2013. The first round of the negotiations was held in Washington (8–12 July 2013). The following round was supposed to take place in Brussels from 7 to 11 October 2013. However, it was cancelled due to the internal situation in the US related to the lack of agreement between the Republicans and the Democrats as regards the budget matters. The following rounds of negotiations were held between 11 and 15 November in Brussels; between 16 and 20 December in Washington as well as between 10 and 14 March in Brussels. There was a range of issues agreed to be discussed and working groups were set up; it was also decided that the most difficult issues would be negotiated at the end.

The mandate of the Commission in the negotiations with the United States includes essentially three main elements: market access, regulatory convergence and non-tariff barriers as well as trade rules aimed at rising up to the global challenges. In the first case, the EU set its priorities regarding

framework_trans_economic_integration07_en.pdf (8.06.2013).

¹⁵ A. Jarczevska-Romaniuk, *op.cit.*, p. 205.

¹⁶ See *Final Report High Level Working Group on Jobs and Growth*, 11 February 2013 r., http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc_150519.pdf (6.06.2014).

the reduction of tariffs, the rules of origin, safeguard measures, trade in services and public procurement. In particular, the goal of the EU is to be as close as possible to the elimination of all duties within the framework of the transatlantic trade in industrial and agricultural products, while ensuring special treatment of the most problematic products. The future agreement should also lead to the reconciliation of the contrasting approaches to the rules of origins practiced by the EU and the US to facilitate trade, while taking into account interests of EU producers. Furthermore, the EU is willing to engage with the United States in a regular dialogue on anti-dumping and countervailing measures, without prejudice to its right to use such measures under the relevant WTO rules. With respect to trade in services the parties of the agreement should lead to the opening of their service sectors at least to the extent to which this occurred in the case of other trade agreements. In addition, the EU points to the need to create conditions for European professional qualifications to be recognized in the US. The agreement should also lead to far-reaching liberalization and investment protection.¹⁷ It is also postulated that an access to the public procurement markets should be granted at all levels of government authority and the elimination of restrictions on the EU companies.

In the case of the second element of the negotiating mandate the EU's objective is to reduce unnecessary costs and delays for businesses whilst ensuring a high level of health protection and safety of consumers and environment. Negotiators will therefore cover not only the problems of sanitary and phytosanitary measures, and technical barriers to trade, but they will also cover a matter of regulatory convergence in specific industries (e.g. chemical industry, automotive, ICT, pharmaceutical and other sectors related to health, such as production of medical equipment). The agreement should also contain provisions that would allow for the gradual achievement of growing convergence of regulations to enable the elimination of the existing barriers, while preventing the formation of new ones in the future.¹⁸

¹⁷ *Member States endorse EU-US Trade and Investment Negotiations*, European Commission, Brussels, 14 June 2013, http://europa.eu/rapid/press-release_MEMO-13-564_en.htm (10.06.2013).

¹⁸ *Ibidem*.

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The third of the areas of the EU negotiating mandate includes the following: protection of intellectual property, trade and sustainable development, customs and trade facilitation, sectoral agreements, trade and competition, trade aspects of the energy and raw materials sectors, small and medium-sized enterprises, capital flow and money transfers transparency.

The European Union has not yet joined the audiovisual services to the negotiating mandate, which would certainly make a significant issue in the negotiations. Such an approach is justified by the lack of the EU regulations in this respect. In the future, the Commission will be able to turn to the Council to request additional negotiation guidelines in this sector. In addition to the audiovisual sector, it will also be difficult for the parties to reach a consensus on agricultural trade due to the protectionist agricultural policies of the EU. In turn, the United States is not interested in offering a wide opening in the financial services sector.

2.1. Services negotiations: main challenges

The expectations related to the liberalization of the services and stated in the contract establishing the Transatlantic Trade and Investment Partnership are very high. Expected are both further benefits of closer cooperation in the sectors, where it is already well advanced (e.g. financial services, telecommunications, insurance and computer services), as well as the intensification of the benefits associated with the opening of the previously heavily protected sectors (electricity, transport, distribution, business services).

Barriers impeding the movement of services in the transatlantic relations can be divided into two groups. The first group includes the obstacles to the establishment of companies. According to the WTO classification, these barriers relate to the services offered in the third mode, and especially: financial services, electricity provision, insurance, retail trade. The other group of barriers just touches on the services offered cross-border within the first, second and third mode of rendering services (modules: 1, 2 and 4 of the service provision).¹⁹

¹⁹ J. García-Legaz, J. Quinlan, *TAFTA the Case for an Open Transatlantic Free Trade Area*, FAES Foundation for Social Studies and Analysis, 2013, p. 221.

While discussing the potential benefits of opening the services market within the TTIP as well as the challenges posed by the process of liberalization of the services market under this contract, one should primarily pay attention to a few main service sectors: professional, telecommunications, financial, transport as well as cultural and audiovisual services.

Professional services are services that can be provided by persons having an official certificate authorizing them to do so (e.g. diploma, license, state exam).²⁰ For example, this group of services includes services provided by doctors, lawyers, architects and engineers. The main barrier in the mutual movement of such services between the EU and the United States is different standards of qualifications required on both sides of the Atlantic to take on a job in the professional services sector. For instance, in the US one central body recognizing the qualifications does not exist. Such issues are handled by particular states. Only in the case of a few professions (i.a. accounting, architectural, engineering) the federal governments hold the final exams. The recognition of the qualifications necessary to render legal services is entirely a state competence. Obtaining a document certifying the qualifications, which is, in addition, valid only in a specific state jurisdiction, is time-consuming and costly. The lack of recognition of the equivalence of qualifications and significant differences in the recognition of diplomas and professional qualifications between states thus constitute a serious barrier to the development of the transatlantic services market. Because the regulatory harmonization in this area is not possible in accordance with the mandate given to the European Commission, the TTIP agreement should lay the foundations to facilitate mutual recognition of professional qualifications.²² The mutual recognition of professional qualifications is actually a necessary condition to facilitate the movement of such services in the Transatlantic area. But it is not a sufficient condition. A significant

²⁰ *Ibidem*, p. 188.

²¹ Directive 2005/36/EC of the European Parliament and the European Council of 7 September 2005 on the recognition of professional qualifications, "Official Journal of the European Union" 30.9.2005, L 255/22.

²² E. Kaliszuk, *Transatlantycka umowa o wolnym handlu – kto na niej skorzysta?*, http://ec.europa.eu/polska/news/opinie/140207_umowa_pl.htm (10.06.2013).

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barrier to the provision of such services is constituted by restrictive immigration laws. Effective liberalization in the sector of professional services should therefore include not only the regulations concerning the mutual recognition of qualifications but also provide market access and national treatment for foreign professionals.²³

A model for the liberalization of the movement of professional services in transatlantic relations could be the single market in the EU. Unfortunately, the process of building a single market in the services sector has not been fully completed. Therefore, it cannot serve as a complete guide for the transatlantic convergence in the area of professional services. The EU countries should thus step up its actions to obtain a real and not just a formal liberalization of the movement of services within the internal market and, consequently, create a model for addressing this issue in transatlantic relations. A fine step in this direction is adoption of Directive 2005/36/EC of the European Parliament and the European Council of 7 September 2005 on the recognition of professional qualifications. It aims to enable every citizen of an EU member state the recognition of their qualifications to pursue a regulated profession or business in a member state other than the one in which they obtained their professional qualifications. Again, a model for the liberalization of professional services in EU-US relations can also be the EU rules on the recognition of qualifications to practice as a doctor, a dentist, a nurse, a midwife, a pharmacist, a veterinarian and an architect.

The telecommunications services market in the United States and the European Union has already been largely liberalized as a result of antitrust actions conducted since the 80s of the 20th century and obligations arising from the Uruguay Round and also those conducted after the conclusion of the negotiations in WTO. However, the TTIP agreement could mean increasing the commitments made so far and as a result more benefits for consumers such as a decrease in roaming charges. Today, Europeans and Americans traveling overseas must pay high charges for mobile phone calls. The conclusion of an agreement in the TTIP would increase competition in both markets and lead to a reduction of the charges for this service.²⁴

²³ J. García-Legaz Ponce, J. Quinlan, *op.cit.*, p. 189.

²⁴ E. Kaliszuk, *op.cit.*

Especially controversial in the service negotiations can be the financial services sector as long as it is covered by the negotiations of the TTIP. After the financial crisis of 2008, the United States undertook intensive efforts to increase financial stability and safety of consumers, among others, by means of closer supervision of financial transactions with an increased risk. A manifestation of these measures is the so-called. “Volcker rule,” adopted in December 2013 as part of the Dodd-Frank Act which prohibits banks and insurance companies to invest in complicated and risky capital market instruments. As regards the foreign entities, the new regulations require the Board of Directors of the Federal Reserve System, while processing requests of foreign banks, to open their representative offices in the United States, to examine whether the country from which a foreign bank originates implemented appropriate prudential regulations. The Board of Directors also has the power to order the cessation of the activities of foreign banks in the United States in the case where the home country did not implement appropriate prudential regulations aimed at eliminating business risks. Analogous powers were granted to the US Securities and Exchange Commission with respect to foreign brokers and dealers.²⁵

The whole package of regulations resulting from the Dodd-Frank Act, although it is not designed to eliminate foreign entities from the financial services market, undoubtedly restricts the freedom of transactions by financial institutions in the US, and it imposes additional responsibilities on them and subjects them to increased supervision by the federal authorities. Foreign banks operating in the US must also adapt to new regulatory requirements. Due to the large number of regulations introduced at the same time, new operating conditions in the US financial market can be perceived by stakeholders as a kind of nuisance or limit to their freedom of action. The European banks, which have already had to adapt to more stringent regulations introduced recently in the EU, may be forced to implement the new US rules for doing business there.²⁶

²⁵ *Analiza wpływu i efektów umowy o SWH UE z USA na gospodarkę Polski*, Instytut Badania Rynku Konsumpcji i Koniunktur, Warszawa 2013, p. 81.

²⁶ *Ibidem*, p. 82.

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The United States, which fear that the negotiations in this sector can be used by the European negotiators and Wall Street financiers to dilute the financial reforms being now implemented in the US, pursue the exclusion of the financial sector from the scope of negotiations. In turn, the European Union is in favor of the inclusion of the financial sector to the contract. In accordance with the negotiating mandate, prudential issues should be incorporated into the agreement in order to create an institutional basis for the cooperation of regulators. At the end of January 2014 the European Commission proposed, however, the exclusion from the trade negotiations the issues concerning the norms undergoing implementation and other elements of the regulatory reform, including the Volcker rule, and discussing them at the same time on other forums. The basis for the above-mentioned consultations can be laid by the Financial Stability Board, *Basel Committee on Banking Supervision*, the International Organization of Securities Commissions, the International Association of Insurance Supervisors, which are preparing the reforms of the trade, and the G-20 group pushes for financial reforms at the global level.²⁷

One of the service sectors heavily protected by the US is the cabotage air transport services (transport of people and goods between two air or water ports situated in the US). European airlines cannot offer tickets to passengers starting and ending their flights in American cities, although the US airlines may provide such services in Europe. These rules apply throughout the geographical territory of the United States, including the islands of the Pacific. These limits were introduced for protectionist reasons; they are to support the development of domestic transport companies, ports and shipyards. The elimination of these restrictions would increase competition among airlines and, consequently, lead to a decline in prices of tickets for passengers and charges for the carriage of goods. Similar restrictions in domestic connections are present in the maritime transport. According to the act on passenger services, so-called Jones Act of 1920, cabotage services are reserved for the registered vessels built and serviced in the United States,

²⁷ M. Barr, *Negocjacje tak, ale nie o regulacjach finansowych*, www.project-syndicate.pl/artykul/negocjacje-tak-ale-nie-o-regulacjach-finansowych,150.html (10.06.2013).

owned by the US persons. In addition, it is required that at least 75% of the crew are the US citizens or have permanent residency. These rules significantly impede the organization of such cruises along the coast of the North America²⁸ for the companies that do not meet the above conditions. Obtaining better access to cabotage in maritime transport within the TTIP negotiations will be extremely difficult due to the objections of the trade unions.²⁹ Another barrier for the EU companies are the legal regulations laying down the rules for the functioning of ports and freight, in particular in terms of the high costs of scanning the goods and the impact of these costs on supply chain structure in the EU. In 2002, the US implemented the Container Security Initiative (CSI) designed to protect them against international terrorism. As a result, the obligation of scanning all containers destined for the US market was introduced in the case of maritime cargo. In the opinion of European entrepreneurs, this leads to increased costs and delays in maritime transport³⁰, primarily of machinery and electronic equipment. In the

²⁸ A ship sailing from Seattle to Alaska must call to Canada, and when sailing to Hawaii – depart from Mexico or Canada.

²⁹ E. Kaliszuk, *op.cit.*

³⁰ Realization of SFI (*Secure Freight Initiative* – SFI) testing the possibility of the introduction of 100% scanning of the cargo shipped to the United States by sea helped identify several important issues, mainly logistical, technical and financial. First, foreign ports are not prepared for this kind of implementation. In international trade, goods flow control usually takes place at the port of destination, and therefore, the control of containers leaving the port would require rebuilding of the ports, reorganization of their operations, changes in the existing procedures and regulations, as well as finding additional space to locate the necessary equipment. Many foreign ports has more than one zone through which the discharged loads are moved, so the introduction of 100% scanning would cause serious disruption to shipping traffic. Second, the available technology and the software do not allow automatic elimination of containers which do not raise concerns and effective anomaly detection and qualifying for an additional control of hazardous containers. Extending the scope of the scan carried out by the currently available methods would slow down the movement of goods and increase the costs, while ensuring no significant improvement in security. Thirdly, the estimated cost of the introduction of the equipment similar to that used in the SFI into the ports of is approximately \$ 8 million for one terminal, which, when transport to the US is done with 2,100 terminals and 700 ports in the world, means significant costs that local governments and companies would have to incur.

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light of this situation, a customs agreement was signed to define minimum standards that must be met by the EU ports.³¹

A particularly sensitive sector in the bilateral EU-US relations is the audiovisual services sector. In the EU states in order to protect cultural diversity (i.e. *diversité culturelle*), created was a system of protection hampering the expansion of the US film and musical industry on the EU market (e.g. so-called requirement of domestic content). Due to pressure from the French, the audiovisual sector was not included in the EU negotiating mandate.³² However, to enable the widest possible agreement and not to begin negotiations with the United States with the exclusion of specific sectors (so-called 'carve-out'), it was decided that the audiovisual services will once again become the subject of talks, but subject to the agreement of all Member States. In other words, this difficult subject was put off till later. It should also be noted that not only the EU protects its audiovisual market. The United States act in a similar manner. Restrictions for European companies wishing to provide services in the field of radio broadcasting and obtain the appropriate licenses for the US market are recorded, among others, in section 310 of the Law on Communications of 1934. Digital TV operators also crash against the market access barriers, i.a. to limit access to the European DVB-T technology; the same thing is currently experienced by satellite TV operators.³³

In the case of the liberalization of trade in services in the EU-US relations, similarly as regards the mutual trade turnover, an extremely important negotiation area is the issue of access to public procurement. In this case

³¹ K. Smogorzewski, *Problem regulacji celnych w negocjacjach porozumienia o wolnym handlu pomiędzy USA a UE*, „Monitor Prawa Celnego” 2013, nr 10, p. 403.

³² Polish filmmakers also called for the exclusion of cultural services from the free trade agreement between the EU and the USA. In this case, the Polish Film Academy appealed to Prime Minister Donald Tusk. The appeal was signed by nearly 175 figures of the Polish film industry, e.g. Andrzej Wajda, Jerzy Skolimowski, Agnieszka Holland, Jerzy Stuhr, Krzysztof Krauze, Krzysztof Zanussi, Wojciech Smarzowski, Andrzej Jakimowski and the president of the Academy, Dariusz Jabłoński. http://wyborcza.biz/biznes/1,100896,14098422,Francja_mozesz_zablokowac_rozmowy_handlowe_miedzy_UE.html#ixzz36p3hCsmY (10.06.2013).

³³ B. Buryta, *Bariery w handlu z USA*, www.een.org.pl/index.php/handel-zagraniczny-spis/page/16/blind_style/1/articles/bariery-w-handlu-z-usa.html (10.06.2013).

we are dealing with a variety of provisions in federal, state, and local law under which domestic suppliers and goods are preferred, and sometimes, what follows is the exclusion of foreign bidders and products. In addition, restrictions were placed on the granting of subsidy by state and local governments from the federal budget. These restrictions are called Buy America. Another problem is the lack of transparency in federal procurement. In the EU, all ads for the central and regional authorities concerning orders for services and supplies worth more than 133,000 Euro and the construction works worth more than 5,150,000 Euro are published free of charge on one website. In the US, only the federal announcements are published on the common website, while the state and local ads are published separately, on their own websites. Therefore, potential bidders do not really know where to look for the respective notices of public contracts. Access to the American public procurement market is limited by the rules enclosed in the Small Business Act (SBA), pursuant to which a portion of contracts must be allocated to the implementation by small US businesses (the exact value of this is determined by the Department of Commerce). At the same time many foreign bidders are not allowed to participate in the tenders for security reasons. These include contracts executed by the Department of Defense.³⁴

Conclusions

The United States and the European Union are still two most powerful economies in the world. In total, they generate around 45% of the world GDP, 80% of global financial transactions and dominate the trade and direct investment. Their mutual trade is estimated at about \$ 1 trillion a year, while investment at more than 3.6 trillion USD. For this reason the implementation of the TTIP will mean significant consequences for the US and for the global economy.

Among the reasons for the launch of the TTIP negotiations, both internal and external conditions are indicated as meaningful. Increased cooperation in trade and investment is expected to bring both parties tangible economic benefits and overcome the effects of the 2008 economic crisis on

³⁴ *Ibidem.*

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both sides of the Atlantic. The TTIP is a response to increased activity and competitive pressure from the so-called “emerging economies” (especially China, Brazil and India). Furthermore, it is a reflection of a general trend of the world that creates integration-based regional and bilateral clusters (the US negotiations within the *Trans-Pacific Partnership*–TPP, UE–Canada, UE–Japan, UE–India, etc.), which are a response to the lack of progress in the WTO negotiations. Some analysts even claim that the creation of the TTIP will set an example for the regulations in WTO later on. Strengthening of the economic ties is also a chance for closer partnership and revitalization of the transatlantic relations in other areas, which in turn can lead to the strengthening of the position of the West in international relations. In addition, taking into account the major reasons why the parties want to enter into the agreement, it should certainly be noted that for Europe, failing to overcome the crisis, it is also a chance to improve the economic results and show the world that Europe still remains in the game. For the US, however, the partnership creates an opportunity to assure Europe that the Americans did not completely abandon Europe with the aim of realizing its concept of *Asian pivot* and that it is still an important business partner. Additionally, the creation of the TTIP and the TPP would allow the US to build strong economic blocks both in the Atlantic and the Pacific.³⁵

Given the strength of the US and the EU services sector, one can expect that both parties will seek significant liberalization of the mutual trade in services. The adopted negotiating mandate in the field of services assumes that the parties will execute the existing scope of liberalization of trade in services determined in the concluded agreements on free trade at the highest possible level in accordance with the provisions of art. V of the GATS. This means that the scope of liberalization should actually include all of the service sectors and all types of services. It is expected that the negotiations will lead to the elimination of the remaining barriers limiting the access to the services market, but at the same time the regulations restricting the freedom to provide services in the services sectors deemed sensitive will

³⁵ A. Jarczewska, *Transatlantyckie Partnerstwo Handlowo-Inwestycyjne (TTIP) – szansa na nowe otwarcie w stosunkach USA-UE?*, “Rocznik Strategiczny” 2013/2014, pp. 351–352.

be preserved. For the EU, it is all about the exclusion of the audiovisual services, public services and government services from the liberalization commitments. As far as the US are concerned, these may be the cabotage maritime and air transport services. The negotiating mandate also provides that the parties undertake to ensure transparency, objectivity and establish clear procedures for granting licenses, for the recognition of professional qualifications, and to strengthen the rules contained in the concluded free trade agreements, in which both the USA and the EU are the parties. The aim of the negotiations is also to become entitled to establish companies, branches and representative offices on terms no less favorable than the ones provided for the domestic business.³⁶

All this should contribute to the appearance of a number of economic benefits. In particular, it should lower the prices of services due to greater competition in the market. You should also expect the improved quality of services, pro-growth impulses and the possibility of creating new jobs.³⁷

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³⁶ *Analiza wpływu i efektów umowy...*, p. 180.

³⁷ See J. Francois (project leader), *Reducing Transatlantic Barriers to Trade and Investment An Economic Assessment Final Project Report*, Centre for Economic Policy Research, London, March 2013, Prepared under Implementing Framework, Contract TRADE10/A2/A16; R. Grubiel, *TTIP: Szanse i wyzwania dla biznesu*, Raport Amerykańskiej Izby Handlowej w Polsce, Warszawa 2013; L. Fontagné, J. Gourdon, S. Jean, *Transatlantic Trade: Whither Partnership, which Economic Consequences?*, "CEPII Policy Brief" 2013, No. 1; *Transatlantic Trade and Investment Partnership. The Economic Analysis Explained*, European Commission, Brussels 2013.

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