



## Trans-Atlantic Deal Would Give U.S. Suppliers a Level Playing Field

by Michael Woody,  
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Fifty years ago Winston Churchill spoke at Westminster College in Fulton, Missouri, and predicted that an "Iron Curtain" was about to descend in Europe. In March 1996, Margaret Thatcher chose the anniversary of that occasion to speak at the same location, and called for the creation of a "Trans-Atlantic Free Trade Deal" to "create a trade bloc of unparalleled wealth and therefore influence in world trade negotiations."

I suspect her position is grounded in the traditional British ambivalence toward the concept of European union, and a desire to maintain intimate ties with the U.S. Her overarching design appears to be the establishment of Great Britain as an economic bridge between the U.S. and Europe.

However, political posturing aside, a Trans-Atlantic Free Trade Deal would have a significant impact on the ability of U.S. promotional products suppliers to market their wares in Europe.

The chart below shows duties on U.S. promotional products shipped

into the four largest European economies (Germany, France, Spain and the United Kingdom):

Imagine the impact of the gradual elimination of this type of price protection in an EC economy with a GDP equal to that of North America. For the first time, U.S. suppliers would have a level playing field when competing with non-U.S. suppliers in the mature and highly sophisticated European advertising market.

But would higher shipping costs still present a barrier? Perhaps, but a surprisingly small one. The trend in the shipping business, as in most businesses today, is to go global. Note the proliferation of UPS and Federal Express television commercials touting these

shippers' worldwide reach.

And while shipping costs from the U.S. to Europe are certainly higher than those within North America, shipping costs from Germany to Spain, for example, are not significantly lower than those from the U.S. to Spain. A buyer would certainly pay these slightly higher freight costs

in return for access to exciting new products or world class service.

Contemplating the ramifications of a Trans-Atlantic Free Trade Pact sets Pat Buchanan's isolationist views in sharp contrast with Thatcher's vision. To ignore or resist the increasing globalization of national economies is a vain, and potentially damaging, exercise in wishful thinking.

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It has become almost a cliché to say that the world is becoming a smaller place. Technology, education and global trade will insure this trend continues. Trade barriers between the U.S. and Europe are one more Iron Curtain that Thatcher and others are trying to lift today. As an industry, we could benefit greatly from those efforts. **PPB**

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### Commodity Description

### Duty

Ball Point Pen	5-8%
Ceramic Coffee Mug	5-10%
Baseball Cap	8-12%
Leather Desk Diary	4-7%

(Figures courtesy of DHL)