

EU Law Bulletin

KILIC & PARTNERS
International Law Firm

EU Law Bulletin

Issue KP15-08
February, 2015

[Join & Follow Us on LinkedIn](#)

For further information please
contact our specialist lawyers

Telephone: +90 212 277 4 111
Email: International@kilicandpartners.com

Where To Find Us:

Astoria Kempinski, Tower A, Floors 8-10
Büyükdere Street No.: 127
34394 Esentepe Şişli İstanbul | Turkey

EU – US - Transatlantic trade deal

The EU-US trade deal intent to slash the low trade tariffs they share but also aim to harmonise regulations to an unprecedented degree.

In light of the global financial crisis and recession, US has a standpoint, the American view the deal of the negotiators should also abandon the traditional de-regulatory agenda toward financial services that would promote mergers and acquisitions, creating new global conglomerates that would be “too big to fail.” Instead, negotiators should concentrate on creating opportunities for institutional cooperation as American and European regulators work to stabilize the global financial system and rein in Wall Street excesses.

On the other hand The European Commission supports free trade, but not at the price of sacrificing European standards in areas such as food safety, health, social and data protection or cultural diversity.

However, it is important for there to be a new approach to this agreement: the status quo approach to trade has resulted in increasing income inequality, stagnating or declining wages and unacceptably high trade deficits that are sapping economic growth.

For those who criticise the agreement, the concern resides in how negotiations are being carried out the lack of transparency and the undue influence of corporate power is

apparent to all, as well as the objective of this agreement which is to wipe out what is considered an obstacle to free trade between both sides of the Atlantic, so called 'regulatory barriers'.

The transatlantic trade and investment partnership (TTIP) will not only be about reducing tariffs, but it will deeply impact our environmental, food, social and labour laws through the revision of regulatory frameworks.

On health, there are some issues that stands out on the negotiations because the EU intent that that adopt or maintain the provisions of all health services which receive public funding or State support in any form. But the concern on this topic is related to American investors in NHS services that are privatised now or in the future will be able to use TTIP (via dispute resolution proceedings) to sue the government if it tries to bring them back into public hands.

Highlights:

- Strong liberalisation of the services sector.
- Both regions have advanced economies, high national incomes and well-developed legal and regulatory regimes designed to protect the environment and defend workers' rights.
- In 2012, the U.S. had a \$107 billion deficit in trade in goods with the EU.
- The difficulties in overcoming public scepticism about the deal between the world's two biggest economies.
- Dispute Resolution - a clause which allows corporations to sue governments in tribunals that are above national law

Targets:

- Reaching a reasonable and balanced trade agreement between the EU and US to eliminate customs duties.
- Making progress towards mutual recognition of EU / US product standards or working towards transatlantic standards.

State Aid: In- depth investigation into UK support < of the Lynemouth power plant

The European Commission has opened an in-depth investigation on UK's plan to support the coal power plant of Lynemouth, which would be operating entirely on biomass. The investigations would be regarding, whether:

- The support is in line with EU state aid rules,
- The public funds are limited to what is necessary (and not overcompensating)
- The positive effects of the project outweigh potential competition distortion

The biomass power plant would generate 420 MW of renewable energy and running solely on wood pellets, which would be sourced from the United States and Canada.

The Commission concerns regard the efficiency of the production and the costs of the wood pellets. According the European Commission these numbers could significantly affect the projects rate of return. The rate of return could turn out to be higher than UK's estimation, which could lead to overcompensation.

Subsidizing that amount of wood pallets could distort the competition in the biomass market on the one hand. On the other hand the question is to what degree the European Commission should take the positive long-term environmental effects into consideration while leading the in-depth investigation.

Mergers: In- depth investigation by the EU Commission into the USA Dresser – Rand acquisition by the German Siemens

The European Commission has opened an in- depth investigation to the proposed acquisition of USA based Dresser- Rand by the German based Siemens. Dresser- Rand and Siemens are both manufacturers of rotating equipment such as turbo compressors as well as the engines which drive these compressors.

The concerns for reduced competition go as far as the turbo compressors and drivers as well as the turbo compressor trains (the combination of a turbo compressor with a driver).

The main suppliers of these products are General Electric, Siemens/Rolls- Royce and Dresser Rand. The merger of the last two companies would reduce the competition within these markets severe.

Furthermore there could be possible competition within the market for small steam turbines, according to the European Commission. Other players within that market have only limited presence and this acquisition could cause less product variety.

The European Commission will be investigating if all of these initial concerns would be confirmed. The foundation of these investigations lies within article 1 of the Merger Regulation of the European Union. The majority of the notified mergers are cleared after a routine review.

Here at KILIÇ and Partners, we pride ourselves on being commercially minded and client focused. We are a full service corporate law firm, who provide professional legal services, consultation and representation to International and Turkish companies who operate cross border business within and outside of Turkey from our base in Istanbul. Our multi national and international clients operate in many different sectors of commerce, including Banking, Energy, Steel, Technology and Telecoms to name only a few.

Our country specific international legal desks and lawyers have substantial knowledge of cross border transactions, in all major industries. They are experts in cross cultural and multilingual business representation and are always available, to provide consultation advice, and assistance in: Dutch, English, French, German, Italian, Kazak, Portuguese, Russian, Spanish, Ukrainian, and Turkish – this sets us apart from many other law firms in Turkey. Our international law firm in Istanbul brings together a multicultural and multilingual team dedicated to each region. Our teams include lawyers focused on Arbitration, Corporate, Mergers and Acquisitions, Securities, Banking and Finance,

Antitrust and Competition, Dispute Resolution and Litigation, and Legal Risk Management with decades of legal experience and knowledge between them.

We offer legal services, which are client focused and designed for the needs of our International clients and business partners. We have extensive knowledge and experience of doing worldwide business, the culture differences and legal processes. Our law firm's strengths lie with our highly qualified legal professionals. KILIÇ & Partners, also work in partnership, with a global network of legal professionals, which places us in a strong legal position to assist our clients, whenever and wherever they require our services.

For further information we kindly invite you to visit our website <http://www.kilicandpartners.com/> or download and go through our [e-brochure](#).

Disclaimer: This Law Bulletin has been prepared by KILIÇ & Partners for information purposes only.

KILIÇ & Partners exerts maximum effort to ensure that the information published in this report is obtained from reliable sources, is up-to-date and accurate. However, KILIÇ & Partners cannot guarantee the accuracy, adequacy or integrity of the data or information. Information, comments and recommendations should not be construed as legal advice.

KILIÇ & Partners does not accept any responsibility for any losses or damages.