

Could TTIP really be relaunched?

Blog post by Senior Associate Guillaume Ferlet, 1 June 2017

On Tuesday, US Commerce Secretary Wilbur Ross gave the clearest sign yet that the US administration might have an interest in reviving the TTIP negotiations. Ross told media that it “makes sense” to continue negotiating the deal that slipped into a coma just before the Obama administration left office.

This has likely caused some surprise in Brussels. For a long time, TTIP simply seemed off the radar of the Trump trade team. Trump has never mentioned the agreement himself (and still hasn't), and his administration initially made a number of clumsy attempts to sidestep Brussels and engage in bilateral trade talks with individual EU member states. Ross by contrast was clear that he was referring to an EU-US deal. So how seriously should we take the idea of reviving TTIP?

Even if Ross is speaking for the administration, there are at least three massive roadblocks for restarting and/or concluding TTIP. The first is obviously political. TTIP was touted from the beginning as an economic partnership based on shared political values. Even under Obama, EU public opinion was cautious of such assertions. The chance of EU leaders gifting the Trump administration the political prize of a new negotiation as it abandons the Paris Agreement and generally sniffs at multilateralism elsewhere, seems close to zero. Trump has badly soured relations with Berlin, which would be decisive in any decision to re-engage.

At a very practical level, negotiators in Brussels calculate that, much as Trump's aggressive negotiation-by-tweet on NAFTA has stripped away Mexico City's room to compromise and manoeuvre, the politics of managing an open negotiation - especially against the latent hostility for TTIP still simmering in many parts of the EU - would be poisonous and not worth the trouble. Indeed, as Ross was relaunching TTIP on CNBC, his boss was (once again) attacking Angela Merkel on Twitter. Hard to imagine the Chancellery signing up to two years of that.

Finally, the Trump administration's policy approach has almost certainly shrunk the space for an agreement. Trump's single-minded pursuit of reducing his country's trade deficit would inevitably lead him to focus on agriculture, where EU defensiveness is most entrenched. Meanwhile, if there is one overriding commercial interest for the EU in TTIP, it is on access to public procurement markets. Opening the US procurement market looks all the more fanciful now that Trump has committed to tightening such rules under a new Buy America Act. This alone would be enough to kill the negotiations - France and Germany have made it clear in the past they would not sign up to any deal without a breakthrough on procurement.

So, we should probably not expect any serious moves to revive TTIP from the EU side while Trump is President. The instinct in Brussels will be to wait and see where the US political pendulum swings next rather than plan for the next occupant of the White House rather than gamble on re-opening negotiations with this one.