

The EU's retreat from US trade deal leaves the field to Britain



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They've managed it. The naysayers have succeeded in killing off what would have been the first trade deal signed between the world's two biggest economic blocs.

"TTIP", or the Transatlantic Trading and Investment Partnership between the EU and the US, was meant to be part of the plan for a renewed, competitive Europe, helping its indebted economies to carry the deadening weight of the euro. Instead, it is becoming a potent symbol of EU dysfunction.

After years of protests, petitions and successful peddling of terrifying myths about the deadly threat this deal posed to rights, democracy, safety and the environment, European politicians are capitulating. EU mandarins are trying to keep it together in the face of a tough US stance and competing demands by 27 countries but, in the crystal clear estimation of French trade minister Matthias Fekl, the deal is "dead".

The Eurocrats will continue to insist that, like a convalescent dictator, it is very much alive and well. But to be sure, it is simply resting! Taking the air! But they know as well as anyone else that TTIP - and the useful €120 billion boost they said it would bring the EU economy - is at best being put into a long, deep freeze.

The good news, of course, is that this clears that enormous "queue" for trade deals with the US that Barack Obama was warning us about when he visited Britain before the EU referendum. A post-Brexit UK, he said, would be "at the back" of this queue, and at the G20 last week, he again declared that a UK-US deal won't be a priority. With TTIP dead, however, there is no queue. Saying that Britain is at the back of it is rather like saying that Mr Obama is at the back of the queue of lame duck US presidents leaving office: he's also at the front of it.

Any decision on trading terms between the US and its allies will be down to Mr Obama's successor. Pessimists argue that the anti-globalisation mood taking hold across the pond will preclude any deal making. Donald Trump has demonised trade and even Hillary Clinton has gone lukewarm. But although there is a worrying rise in such hostility, there are reasons to think that Brexit Britain can slip around this roadblock.

The multilateral, sprawling agreements currently running into problems, like TTIP and its Pacific equivalent, are totemic, regional pacts with explicitly geopolitical aims. They are agreed only after torturous negotiations between dozens of countries with different cultures and priorities. They establish remote – and therefore scary-sounding – new regulatory and legal systems and the backlash against them feeds on the idea of a faceless, nationless technocratic class taking over the levers of power at the expense of citizens.

By contrast, a single-country deal with a reliable ally, whose legal system and economy already have much in common with the US, is a less threatening prospect and is unlikely to

worry former car workers in Detroit. That is one of the reasons that Mr Trump can insouciantly declare that Britain would certainly not be “at the back of the queue” for a deal, as he did in May.

Mr Trump might not be the most reliable ally. But there are geopolitical reasons why it would make sense for the US to consider a deal, especially if Mrs Clinton wins. It would signal that the UK, a useful US ally in Europe, is not out in the cold. It would help, in a less ostentatious way than TTIP, to expand the sway of economic relations based on the rule of law and regulations, rather than the rule of might favoured by Russia and China. It would also establish a framework to which the EU would hopefully be added in future decades.

A tailor-made deal between Brexit Britain and the US could deliver more gains than TTIP. Although our negotiating power would be weaker than that of the whole EU bloc, British priorities like the inclusion of financial services would form a larger part of any agreement. By the same token, we would avoid the dysfunction generated by the bizarre foibles of 27 different countries, like France’s insistence that its vintners must retain the exclusive right to use the term “champagne”.

More broadly, a deal with the US would be a powerful symbol that Britain is still flying the flag for openness in a western world wracked by doubt. It would signal that although the country is anxious about the scale of recent immigration, it is not joining the ranks of fearful protectionists. Support for free trade has, in fact, remained remarkably strong in the UK for over a century.

In much of the rest of Europe, free trade has a bad name. That made it easy for activists to argue that TTIP was a plot to let corporations block inconvenient government policies by suing them. The deal, in fact, explicitly enshrines governments’ rights to regulate in the public interest, whether it’s for the NHS, workers’ rights or the environment.

The UK is already a party to nearly 100 treaties that let companies settle disputes internationally. Britain has never lost a case in these courts, but UK companies have won 43 cases against other states for arbitrary actions like property expropriation.

So TTIP would not have destroyed democracy. Nor would it have been a panacea. But it would have been a helpful move towards a more competitive EU and a more open global economy. It might be dead, but outside the EU, Britain’s trading ambitions need not die with it.

