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Europe in the Trumpworld: EU trade and security under the new US executive

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Brussels, Belgium, 11th November 2016 - Prepare for chaos. Exactly what policies that will come out of Donald Trump's new administration is a mystery, but the new America he wants to fashion will have consequences for Europe's trade and security policy. The outcome of the Brexit referendum already amplified a number of underlying political concerns about Europe, including the long-term viability of the European project, and devalued our region's position in the world. Trump's election win has now made them urgent.

Obviously, Donald Trump is not sympathetic to high-standard trade deals that liberalise markets and rein in the ability of governments to err on the side competitive distortions. He is a replica of old American mercantilists. Trump is cosy with American tycoons, but has a vision about America's economy that takes a pop at global capitalism and the architecture of global trade that have been critical for U.S. foreign economic policy since the end of World War II. His America-first attitude is much about expanding American exports and reducing its imports, and as a consequence balance the Federal budget. He wants to use trade policy to favour some commercial interests at the expense of others.

It is to stretch the definition of policy to say that he has a trade policy. However, his seven-point campaign agenda on trade states that he won't sign the Trans-Pacific Partnership (TPP) agreement, that he wants to re-negotiate NAFTA, and takes a hardline stance against China, focusing on enforcement of existing trade rules to create a leverage in his favour. It's probably safe to say that other items on the trade agenda will be embraced by the same anti-trade attitudes, or that the general stance on trade will put also less contentious trade issues on the backburner for a good while. At best, the Trump administration will set out a defensive trade policy that will make any progress extraordinarily difficult, let alone impossible, on issues like TTIP and the Trade in Services Agreement (TiSA). At worst, he will take the U.S. out of the World Trade Organization (WTO), and tear the global trading system apart.

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