

LOCKED IN OR LEFT OUT? TRANSATLANTIC TRADE BEYOND BRUSSELS AND WASHINGTON

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Many countries are interested in the Transatlantic Trade and Investment Partnership (TTIP) that Brussels and Washington are negotiating. But the United States and the European Union (EU) began talks without devising a way to involve their main trade partners. This approach, understandable given the complexity of the negotiations, could produce a bilateral agreement that is difficult to multilateralize. To influence the negotiations, third countries interested in eventually joining TTIP should pursue an agenda centered on the accession mechanism, the elimination of nontariff barriers, and dispute settlement.

Enlargement Paths and Challenges

- Brussels and Washington have said that after TTIP is concluded bilaterally, interested third parties will be invited to join, but it is unclear how accession or association will be engineered.
- To move closer to TTIP, countries could conclude their own free trade agreements with the United States, the EU, or both. A more advanced option is to conclude “bridge” agreements between TTIP and the pertinent regional trade agreements. But in these scenarios, third countries would not be part of TTIP and would not play a central role in setting new norms.
- To genuinely solve the enlargement problem, a specific provision for accession needs to be included in the TTIP agreement.
- The way in which the agreement eliminates nontariff barriers will have significant consequences for countries aspiring to join the partnership because different approaches will have different impacts on the economies and competitiveness of candidates.
- The design of a dispute settlement mechanism matters because TTIP’s enlargement will add a new layer of rulemaking to the arrangements in existing regional trade agreements, which could create competing jurisdictions and conflicting remedies.

Recommendations for Third Countries

Help design an accession process that can resist politicization. Establishing a committee of experts tasked with the technical review of the level of preparedness of candidate countries and developing a decisionmaking process that makes it impossible for one country to prevent another’s accession are important steps.

Promote the principle of mutual equivalence to eliminate nontariff barriers. This approach would allow existing regional trade agreements to be used as the building blocks in the new international trading regime set up by TTIP.

Encourage the design of a flexible dispute settlement mechanism. New members should be fully represented in the process, and a rule of precedence for TTIP, the World Trade Organization, and other regional trade agreements should be established.

Form a TTIP caucus or a joint platform to directly interact with Washington and Brussels. Such a platform will allow third countries to work together to determine their positions and influence the outcome of negotiations.

ABOUT THE AUTHOR

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