

## Transatlantic Troubles?

By Clara Volintiru, 07.05.2019

There is a significant danger of disconnection in the Transatlantic Relationship nowadays.

Clearly the economic integration of the transatlantic world has been of paramount importance for decision-makers since the end of the second world war. Great efforts have been made over the past decades to move towards a multilateral framework. Yet, current changes of economic paradigm, and internal political pressures threaten to disconnect the policy stances of transatlantic partners in key areas such as trade, or security.

Currently, Europe and North America constitute the world single largest market, with more than half of the world's household consumption, approximately half of the global GDP, millions of jobs and trillions of dollars in trade and investment.

### Trade, and economic growth

Europe, US and Canada have all recorded good economic performance over the past years, with robust economic growth. This would have normally constituted the background of steady times, but in the context of political turmoil, many economic policies have been challenged.

Trade has been the single most visible issue under discussion, as both the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) have been cast aside. The economic relationship between USA, China, Europe, and Canada has been frequently characterised as "Trade Wars" over the past year. Still, Europe and Canada seem to remain devoted to free trade and further integration—testimony to which stands the [EU-Canada Comprehensive Economic Trade Agreement \(CETA\)](#) and [Strategic Partnership \(SPA\)](#).

Todd Alee and Andrew Lugg have published a series of very interesting articles with the textual analysis of some of the new generation trade agreements, and found that [CETA is remarkably original](#) in its provisions, as opposed to now defunct [TPP being mostly a reiteration of already existing bilateral treaties with the USA](#). As such, CETA will likely play an important role as a model in future trade agreements.

CETA is important for the competitiveness of the agricultural sector in EU, as European producers will be able to [export approximately 92% of their agricultural and food products to Canada duty-free](#). This is especially important given that the protectionist framework of the [Common Agricultural Policy \(CAP\) will likely be reformed](#) in the coming multiannual financial framework (MFF) 2020-2027.

Increasingly, trade agendas are expanding to include non-commercial objectives such as the promotion of fundamental political and human rights. This extension of the negotiation agenda into horizontal chapters on various issues is why we often refer to recent trade deals as new generation free trade agreements (FTAs). Furthermore, the political agreement behind CETA aimed at strengthening [bilateral cooperation in a number of foreign policy and sectoral fields](#), including international peace and security, counter-terrorism, crisis management, maritime security, global governance, energy, transport, research and development, health, the environment and climate change.

Ultimately, what trade agreements should deliver is economic growth. For example, the Comprehensive and Progressive Transpacific Partnership (CPTPP) is projected to [boost Canada's GDP by 4.2 billion dollars](#) in the long term (i.e. by 2040).

### Shared values

Many of the accomplishments of multilateralism can be measured by trade integration, but it is also about much deeper ties, on political and social levels. From [the Paris Agreement \(COP21\)](#), to the political polarization on both sides of the Atlantic—we see not only an integrated market, but a shared value system.

Amongst the shared values of the transatlantic world one could cite: [democracy, free markets and prosperity, human rights and rule of law](#). Also, most importantly, the pursuit of [peace and security](#).

Yet many of these core values are under threat in Europe at the moment.

Human rights and rule of law are increasingly challenged by anti-establishment or Eurosceptic parties in the EU. Beyond the posturing of incumbents, such as Viktor Orban in Hungary, Jaroslaw Kaczynski in Poland, or more recently, Matteo Salvini in Italy, there is increasing contestation power in the hands of the Front Nationale in France, Freedom Party in Austria or the Alternative für Deutschland (AfD) in Germany.

Peace and security constitute the fundamental *raison d'être* of the European Union. Yet Europe is again facing war (i.e. Ukraine) and marked internal instability (e.g. Libya, Turkey) at its borders. EU has also [recanted the promise of integration for countries in the Western Balkans](#) (i.e. Serbia, Montenegro, Macedonia, Albania and Kosovo) which will likely encourage Russian and Chinese influence in the region.

The [democratic deficit](#) of the institutional construction of the EU is often cited. As Teija Tilikainen points out, common EU institutions have a [stronger role on issues of external economic relations and trade](#), but EU member states have still a firm grip on issues of common foreign and security policy (CFSP) (where unanimity is required).

### Changes we should expect

There is a broad shift of paradigm looming over the Western world at the moment. It will inform and shape the coming leadership of the European Union.

On the background of a long period of [doubt regarding the neoliberal economic thinking](#), many political voices are embracing what can be coined as **“economic nationalism”**. While the term itself is widely associated with the Steve Bannon doctrine behind the Trump administration, many European parties have long referred to this type of state-centered economic strategy before (e.g. *Front Nationale* in France, UKIP in UK). Almost all anti-European parties likely to populate the European Parliament in the fall have embraced the idea of economic nationalism.

This competition of economic philosophy (i.e. neoliberal integration vs. economic nationalism) is mirrored in very concrete **policy** stances, in trade most of all. Look no further than the [trade wars](#) that engulfed the largest economies in the world—USA, EU, Canada and China. The multilateral governance of the integrated world economy is slowly collapsing in the face of protectionist posturing. And, if [large economies can afford economic nationalism, individual member states cannot](#). The prosperity of the EU member states is directly linked

to the integrated economy; if you take that away, the vast majority of them (if not all) will face severe recession.

In **electoral** terms, this tension is mirrored in the fact that the left-right distinction seems to be substituted with a [populist vs. progressive](#) distinction. While politicians seem very keen on using the new labels and forming new European alliances (e.g. Marine Le Pen French FronteNationale party, Viktor Orban Hungarian FIDEZ, Matteo Slavini's Italian League party, and the Finnish populist party True Finns). The irony cannot escape us, that [nationalist parties are forming a European-wide alliance in defense of the nations](#). However, the electorate does not seem equally keen on identifying themselves with populist or progressive labels. Rather, [76% of French voters still identify themselves on the left-right axis](#), according to a recent survey by Science Po.

Finally, in **foreign policy** terms, we can see the rise of the isolationism as opposed to interventionism –taking lead from the USA again. With terrorist threats and war all throughout the EU periphery, it is hard to imagine how common European security can be achieved should the larger member states end up pursuing an isolationist stance in the coming years.

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