Why trade matters

"if not now, when?"

That is a good way to describe many issues now before Congress and the administration, but perhaps most especially, the ambitious trade agenda that has been put forward by the administration and that continues to be one of those few areas that enjoy broad bipartisan support.

Major trade agreements are always difficult to navigate, both domestically and internationally. But a large number of Democrats and Republicans have historically supported efforts to forge agreements that hold great promise for increasing exports and jobs, strengthening ties with allies, raising the standard of living in other countries, and displaying American leadership. There remains a narrow window of opportunity to get the Obama administration and Congress, along with America’s trading partners in Asia and Europe, on the same page. The challenge will only get harder next year, when the U.S. presidential election will be in full swing.

Earlier this week, chief negotiators from the United States and the 11 other countries negotiating the Trans-Pacific Partnership (TPP) began meeting in Vietnam to resolve remaining issues while bilateral talks between the United States and Japan continue. With negotiations on a Transatlantic Trade and Investment Partnership (TTIP) resuming later this month, Obama can stress to European leaders he sees at the NATO Summit this week how important it is to narrow differences and help the new European Commission strike a deal. Next week, Congress comes back briefly before midterm elections and can make progress on a trade bill that gives the president trade promotion authority and enables any deal to move through Congress on a fast-track, just as in the past.

It will be tempting to some to defer the hard decisions and compromises that will need to be made by all sides at a time of growing conflict and insecurity in the Middle East, Eastern Europe and elsewhere. But it would be a mistake to ignore economic concerns, which are also multiplying. Increased exports and inbound investment have helped the U.S. economy recover from the last financial crisis. Still, the process has been slow and has a long way to go to reach pre-crisis levels of growth. Europe’s recovery has stalled, now even in Germany, exacerbated by internal divisions over austerity measures and diminishing trade with Russia because of its aggression in Ukraine. Japan, the world’s third-largest economy, is still struggling with economic headwinds.

These challenges make it particularly timely for the United States and its partners to deepen their economic relationship. With 95 percent of the world’s population living outside the U.S., trade has helped build the world’s largest and most dynamic economy and will continue to help it recover. Increased exports sustain and create jobs in the U.S. and around the world, as well as foster greater economic security and stability in key regions. Successfully concluding new trade deals with Asia and Europe would give the U.S. free trade agreements with two-thirds of the global economy and enable it to lead the way in modernizing existing rules, such as establishing stronger levels of labor and environmental protection.

Supporting greater trade liberalization and common approaches to challenges also benefits other countries. The Trans-Pacific Partnership, once concluded, is already open to other members of the Asia-Pacific Economic Cooperation (APEC) forum that can meet the same high standards. The Transatlantic Partnership should also be ready to welcome new participants on the same terms. The prospect of membership can provide a strong incentive for interested countries, such as Turkey and possibly Ukraine and Georgia, to reduce trade barriers, implement market reforms and embrace the rule of law. Countries not joining either group can still find it easier to trade with members as contradictory rules and duplicative costs are reduced. Both new platforms should be flexible enough to evolve into building blocks for further regional integration as well as enhanced cooperation with other regions.

Strengthening U.S. economic integration with Asia and Europe and opening up new avenues of opportunity take on added importance now that prospects for resuscitating the Doha round of multilateral trade talks have dimmed. India’s refusal this summer to implement the WTO agreement on trade facilitation reached only last December has called into question whether the 160 members can reach agreement on anything.

To move ahead, the U.S. and its partners cannot shy away from the task of explaining the benefits of trade done right, with appropriate protections for labor and the environment, and mechanisms to promote human rights and capacity-building. First, while the economic and strategic arguments are starting to be made, they need to be articulated more forcefully and more frequently to build domestic support for the compromises that all sides will have to make to cross the finish line. Second, proponents need to be more active in pushing back on a slew of misinformation about both negotiations, whether it is false claims about capricious investors, sinister regulators or harmful “Frankenfoods.” Third, Congress must focus on developing a bipartisan trade bill that can win enough broadly based support to pass after the November elections. With the Chairmen of the House Ways & Means Committee retiring and Democrats fighting to retain control of the Senate, both Dave Camp and Ron Wyden have a shared interest in shaping legislation on their terms. Otherwise, the view in European and Asian capitals will be that the U.S. is not serious about the end-game, which can become a self-fulfilling prophecy and make it harder to get there.

Getting the trade agenda right is important not just for the economic growth it can create in the U.S. and overseas, but for the signal it sends to America’s partners. If the U.S. fails to exert leadership and forgoes the chance to be in the driver’s seat of the world’s two most significant trade partnerships, others will step forward to fill the void. The U.S. will have missed an opportunity to cement two powerful economic alliances that can advance its economic and security interests around the world for years to come.

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