EU trade chief faults Washington and Berlin for deal stalemate

When President Barack Obama announced he would seek a sweeping trade deal with Europe in his State of the Union address nearly two years ago, officials on both sides of the Atlantic set a goal to complete it before the EU leadership’s term ran out.

Just over a month before Brussels changes hands, not only is the US-EU deal far from completion, but the EU’s outgoing trade chief has warned the pact – which would be the biggest trade agreement in history – is at risk of never being agreed.

Karel De Gucht said the failure of either Washington or Berlin to provide political leadership had made the chances of a deal being struck by next year increasingly dim, and warned that without an agreement in 2015 the initiative could be delayed indefinitely because of US presidential election politics.

“You can only do this deal if there’s enough political steering and enough political will to do it,” Mr De Gucht said in an interview. “Well, on both sides – on the American side but also on the European side – that still has to be demonstrated.”

Mr De Gucht’s comments come on the eve of Friday’s summit in Ottawa where EU and Canadian leaders are expected to announce the formal conclusion of their own bilateral deal that many view as a blueprint for the much larger deal with the US.

But Mr De Gucht said many of the provisions in the Canada pact – including giving European companies non-discriminatory access to government procurement contracts and eliminating tariffs on a host of sensitive energy imports – were anathema to the Obama administration and may have actually complicated the US talks.

“I think they are a little bit worried about the fact that we went so far with Canada,” Mr De Gucht said. “I have said repeatedly that ‘Buy America’ and buy American [policies] are incompatible with [a free-trade deal] … It’s pure, really pure protectionism. But what are they going to do about it?”

He also offered backhanded praise to America’s corporate lobbyists, saying: “There’s a lot of talk of lobby groups in the European parliament, but I can assure you that the ones on the Hill are much stronger.”

The blunt-talking former Belgian foreign minister has occasionally rankled his American counterparts with his aggressive stance, and some European officials say Washington is looking forward to the confirmation of his successor, a more diplomatic Swede, Cecilia Malmström.

But Mr De Gucht warned that similar hurdles await his successor – and that some were closer to home. “Trade has become much more political” in Europe, Mr De Gucht said, noting that Berlin had also shown a reluctance to embrace the deal.

As if to underline the point, on Thursday Sigmar Gabriel, the leader of the German social democrats, told the Bundestag that a controversial dispute-resolution system that would allow US companies to appeal to an international arbitration panel if their claims were rejected by European courts – and vice versa – should not be included in the US deal. Washington has insisted on the arrangement, which is commonplace in other trade deals.

Mr De Gucht said the dispute-resolution system was essential to both the US and Canadian deals, and warned Angela Merkel, the German chancellor, that requiring Brussels to drop the measure from US negotiations now was akin to forcing negotiators to “give up their weapons at the start of the discussion”.

“One year ago no socialist in Germany had ever been thinking of [the arbitration system],” Mr De Gucht said. “I cannot convince the German public. It’s up to the German politicians; it’s up to Ms Merkel and Mr Gabriel to convince their population, that’s their task. I know she has been speaking out in favour, but she should make a political point of it, that there’s a clear position of the government on [the US deal].”
Even if Ms Merkel and other European politicians mounted an energetic sales campaign for the trade agreement, they would still face a difficult challenge, the commissioner acknowledged. The recent revelations about US surveillance programmes in Europe, including the tapping even of the chancellor's mobile phone, had sapped public trust and inflamed longstanding concerns about transatlantic differences over health and safety standards and the role of science in policy making.

“The Americans do not realise how much negative outflow this has had,” Mr De Gucht said. “It has ruined their standing in Europe, and they don’t realise it.”

*Additional reporting by Stefan Wagstyl in Berlin and Shawn Donnan in London*

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