

## T-TIP: Curb your enthusiasm

By Steve Coulter, LSE

What a difference a decade or so makes. When the last round of WTO trade talks was underway in the early 2000s, opinion was split on whether it would supercharge world growth or destroy our entire way of life. By contrast, today's ongoing discussion between the EU and USA on the **Trans-Atlantic Trade and Investment Partnership** are passing virtually un-noticed. True, there are stirrings of disquiet over what it will mean for certain sectors, like services or (French) culture. And some activists worry about potential provisions for something called 'investor state dispute settlement', which ostensibly allows corporations to take legal action against governments deemed to be breaching trade laws, for example by protecting jobs in favoured industries or enforcing employment protection laws. But nothing on the scale of the agitation seen previously. Why is this?

One reason for this may be, as the economist **L Alan Winters writes in the voxeu blog**, that the potential gains are so paltry. Winters cites plausible estimates that a realistic agreement might add about 0.025% to EU GDP; an 'ambitious' agreement might add 0.05%. Hardly worth breaking out the balaclavas for. Winters' point is that what distinguishes ambitions for trade liberalisation these days is precisely their poverty. In a nutshell, what is the point if they exclude China, the world's largest exporter and soon to be its largest market?

Winters argues that: *'By signing TTIP Europe would be tying itself to a static rather than a dynamic part of the world economy and substantially reinforcing the US's exclusionary policies.'*

*'TPP alone is a threat to the multilateral world trading system, which has served the world so well over six decades, but coupled with TTIP the threat is much stronger – indeed existential.'*

Perhaps that is the biggest worry about T-TIP. Not that it succeeds (a deal would probably help growth and job creation in the long term), but that the effort that will have to go into negotiating and implementing it may not be worth it for the reward and risks skewing Europe's priorities.

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