



Elections, running clock frustrate Obama's trade deals

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President Barack Obama's two most ambitious trade deals appear increasingly in trouble, victims of electoral politics at home and in Europe and a ticking clock on his administration.

Neither the Trans-Pacific Partnership nor the Transatlantic Trade and Investment Partnership is dead, but analysts say the hurdles to getting either completed by the end of Mr Obama's term next January 20 are now almost insurmountable.

For the TPP, already negotiated with 11 other Pacific Rim countries and only needing ratification by the Congress, the political atmosphere has been soured with both presidential candidates Hillary Clinton and Donald Trump, pitching for votes, saying they are opposed to it.

As for TTIP - a treaty with the entire European Union - negotiations are stuck on the toughest issues and European politicians, facing elections next year, are likewise declaring opposition.

French President Francois Hollande said Tuesday that TTIP talks "will not lead to an agreement by the end of the year," and hours earlier his junior minister for trade Matthias Fekl called for an end to the talks.

"There is no more political support in France for these negotiations," he said.

And in Germany, vice chancellor and economy minister Sigmar Gabriel said the talks "have de facto failed". While negotiators from both sides quickly responded that the talks were certainly alive and making progress, analysts said both TTIP and TPP would likely be stalled to at least 2018.

"The clock has basically run out," said Gary Hufbauer, a trade expert at the Peterson Institute for International Economics in Washington.

"I agree more with the 'more dead than alive' camp in this debate," he told *AFP*.

Not a big free trade advocate before he was first elected in 2008, Mr Obama has strongly pursued what he has called "trade deals for the 21st century". Each would dwarf any previous free trade treaty, going beyond cutting goods tariffs to establish rules governing data trade, investment rights, intellectual property rights and other issues not covered in past deals.

Both deals were set up to be negotiated largely in secret and be presented to respective governments and legislatures as completed deals for up-or-down votes.

The 12 TPP countries reached agreement in Oct 2015, and the main challenge to implementing it is ratification by the US Congress.

But with opponents arguing that previous trade deals have cost US jobs, TPP has become a hot issue ahead of the US presidential and congressional elections coming on Nov 8.

TTIP has not figured much in the US campaign, but this week's comments show it will in the French and German elections next year.

"Election periods are always not good times for trade agreements," Mr Hufbauer told *AFP*.

Moreover, relative to TPP, the TTIP talks have been rushed, and have been tripped up by Britain's June vote to withdraw from the European Union, potentially removing a key US ally from the deal.

"It was never going to be easy between the US and the EU because basically you have the two elephants (of global trade) negotiating with each other," said Frances Burwell at the Atlantic Council.

Mr Obama has a chance to move both deals forward before leaving office.

He could submit TPP to Congress for ratification after the election, and before the new Congress takes office in early January, when legislators could vote with less political pressure.

But Daniel Ikenson, a trade expert at the Cato Institute, gives that "about a one per cent chance" of succeeding.

"I think the votes are really not there," he said, with the normally pro-free trade Republican Party deeply divided.

Mr Obama could also drive his chief trade negotiator, Michael Froman, to finish a TTIP deal before he exits. But that could require big US compromises, which could create a political firestorm for his successor.

"There is some chance that we will be very close to what is known as a political agreement by the end of Mr Obama's term, but it's dicey. It's not a sure thing," said Mr Burwell.

Both deals, then, are almost certain to be left to the next President, widely expected to be Mrs Clinton. As Mr Obama's secretary of state she supported the negotiating effort but has opposed TPP on the campaign trail.

Never mind that, said Mr Ikenson.

"Presidential candidates tend to be more populist and more anti-trade. Presidents themselves see the light... Clinton will find a way to support it."

Mr Trump is more of a cipher, with his campaign advisors including some anti-trade ideologues, noted Mr Ikenson.

But even then, existing laws and industry pressure could force a President Trump into supporting the deals, he posited.