



A Show About Nothing

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July 26, 2018

After a joint meeting on Wednesday, President Donald Trump and European Commission president Jean-Claude Juncker announced that they had reached a deal. in order to pursue a deal.

In a broad statement, the two leaders said they hoped to advance a new phase of collaboration, friendship, and strong trade ties in the relationship between the United States and the European Union. The rest of the statement offered glimpses at a purported desire for free trade, but was vague and left many questions unanswered.

“On the bright side, there is a clear de-escalation of rhetoric and that's good, but the devil will be in the details,” Scott Lincicome, a trade lawyer and adjunct scholar at the libertarian Cato Institute, says. “And this provides almost no details. Meanwhile, all the tariffs implemented so far remain in force.”

During a phone interview, Lincicome walked through the joint statement and laid out what—if anything—of substance had been achieved by the meeting.

According to the statement, the parties agreed:

(1) *“To work together toward zero tariffs, zero non-tariff barriers, and zero subsidies on non-auto industrial goods.”*

Lincicome notes that this goal of a tariff-free future, while appearing ambitious, is actually quite narrow. It only applies to non-auto industrial goods, leaving out automobiles and agriculture, among other sectors.

(2) *“We will also work to reduce barriers and increase trade in services, chemicals, pharmaceuticals, medical products, as well as soybeans.”*

Lincicome says this concept is largely aspirational and lacking in detail. He points out that the items listed—chemicals, pharmaceuticals, medical products, soybeans, and services—were conspicuously left out of the first goal in the statement, which was to ultimately have no tariffs.

(3) *“We agreed today to strengthen our strategic cooperation with respect to energy. The European Union wants to import more liquefied natural gas (LNG) from the United States to diversify its energy supply.”*

The E.U. has been interested in this one for a while now. “We already knew that,” Lincicome says. He adds that the United States and the E.U. merely agreed to “work to strengthen something that both sides want and were already working on.”

(4) “[W]e agreed today to launch a close dialogue on standards in order to ease trade, reduce bureaucratic obstacles, and slash costs.”

Lincicome summarizes: They’re just talking.

(5) “[W]e agreed today to join forces to protect American and European companies better from unfair global trade practices.”

“That’s, again, things they’ve always wanted to do,” Lincicome says. The United States and the European Union have always been on the same page on issues such as intellectual property and industrial subsidies. “So they’re going to agree to join forces to keep doing what they’ve been doing.”

(6) “We decided to set up immediately an Executive Working Group of our closest advisors to carry this joint agenda forward.”

This one means they’re going to look at the tariffs and practices that are already in place. The sentence that follows is the most important part of the statement, Lincicome says. And that sentence contends that while the United States and the European Union are in trade negotiations, “we will not go against the spirit of this agreement, unless either party terminates the negotiations.”

Lincicome believes the sentence at first glance could mean that Trump’s threat of imposing hefty tariffs on automobiles from the E.U. could be off the table during the discussions, but he adds that the phrasing of “the spirit of the agreement” leaves a massive hole in that concept. “If the spirit of the agreement is zero tariffs on non-auto goods, then one could argue that the agreement totally permits tariffs on auto imports,” he says.

And, at the end of the statement, almost as an afterthought:

(7) “We also want to resolve the steel and aluminum tariff issues and retaliatory tariffs.”

So, the steel and aluminum tariffs, and those the E.U. imposed on American industries in response, remain in place, even though the parties *want* to resolve the tariffs. (“Well, I want a Porsche,” Lincicome responds. “And a pony.”)

On this point, he observes that the statement makes no mention of national security in relation to steel and aluminum imports. Trump used Section 232 of the Trade Expansion Act in the spring to impose tariffs of 25 percent and 10 percent on those products, claiming they represent a threat to the United States. The fact that Wednesday’s joint statement indicates the steel and aluminum tariffs could be removed in response to developments completely unrelated to national security issues adds to a growing pile of evidence that the White House’s official justification for the tariffs is simply a pretense.

Overall, Lincicome says, Wednesday’s agreement represents “a step backwards in terms of ambition” from the Transatlantic Trade and Investment Partnership, a bilateral effort that was largely abandoned when Trump took office.

“The president could have actually achieved far broader liberalization had he just vigorously committed to picking up the T-TIP baton 18 months ago than what we have today,” Lincicome tells TWS. “And it would have avoided all sorts of economic and diplomatic headaches caused by his own national security tariffs.”

