

Irrational fear risks depriving Europe of the benefits of trade

For many, TTIP serves as a pressure valve for expressing other suspicions, says Katinka Barysch

The Transatlantic Trade and Investment Partnership now being hammered out between the US and the EU is shaping up to be one of the boldest free trade agreements in recent history. It is designed to remove remaining tariffs between the world's two richest economic blocs and to lower barriers to trade and investment.

Given the eurozone's mediocre growth prospects, one might expect the Europeans to embrace this opportunity. But opposition is growing.

Curiously, nowhere are TTIP-related fears stronger than in Europe's biggest exporter. Countless advocacy groups are warning the Germans against it. In the election campaign for the European Parliament in May 2014, the trade agreement was often the only issue the Germans wanted to discuss. Even Germany's often staid public broadcasters can get into a tizzy over TTIP.

When Pew, a pollster, asked the Germans about the pact earlier this year, a small majority thought it would be good for their country. But when it comes to the specifics – lower tariffs, harmonisation of regulatory standards and removing barriers to investment – most Germans are opposed. The uproar has taken Berlin and Brussels aback. If politicians want to turn public opinion, they need to understand why the public is upset. Here are three possible reasons.

First, for many Germans, TTIP serves as a pressure valve for the expression of deeper suspicions – that globalisation will undermine cherished local standards; that the EU no longer serves German interests; and that the US cannot be trusted. Few Germans are willing to articulate such fears openly.

Second, it is not the bigger implications of TTIP that animate the Germans – growth, jobs, the future of the world trading order. Instead it is a set of relatively obscure issues, notably food standards and investment protection. Germans would be prepared to jettison the economic benefits of TTIP if it allowed US companies to sell genetically modified soy or chlorine washed chicken to European supermarkets. They also fear that the so-called investor-state dispute settlement mechanism – which allows private investors to sue governments directly if they feel local laws threaten their investments – could allow American multinationals to undermine German environmental, food or labour standards.

The underlying issues – whether genetically modified food is indeed a health risk or how to reconcile investors' need for legal certainty with governments' prerogative to change policies – are barely discussed. Amorphous fears rather than rational arguments rule the debate.

Third, these fears can spread because the TTIP negotiations are not public. Trade negotiations have always been conducted behind closed doors, because the participating nations are loath to disclose their offers and requests before a final deal is done. This simply will not do in an age that is suspicious of secrecy and expects government to be transparent. Some in the German media claim that the secrecy surrounding the TTIP talks allows corporate lobbyists to unduly influence outcomes – and Brussels bureaucrats to sell out the interests of the German people.

The European Commission has released scores of TTIP-related material, including its own negotiating mandate. It has reassured the Germans time and again that safety standards are not at risk. None of this has made much difference to the German debate, since trust in Brussels is low.

German politicians and opinion leaders need to address the underlying issues, drop their defensive attitudes and come out loud and clear in favour of this historic opportunity to deepen transatlantic trade.

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