



When world trade became sexy again

I remember when I became Trade Minister three years ago. I was excited about promoting Finnish companies around the world, but realised that traditional trade was not exactly oozing with sex-appeal.

The World Trade Organisation (WTO) was at a standstill. No-one believed that a multilateral trade agreement among 159 member states was possible. The EU had a few bilateral trade agreements in the pipeline, but nothing major in the horizon.

A couple of years earlier I had given a speech at Chatham House in London. I was lamenting that the relationship between the EU and the US was like that of an old couple.

The flare and romance had vanished from the 60 year old transatlantic marriage. We needed something to reignite the spark, and a free trade agreement would be a good start.

Most commentators liked the idea, but did not see it happening.

A lot has changed in three years. The WTO was able to muster a mini-package on multilateral trade last December in Bali. The package had three parts: trade facilitation, agriculture and development. The result, albeit modest, was important. It was the first time since its foundation in 1995 that a deal was done.

In the meanwhile the EU and the US kicked off free trade negotiations last summer. In the jargon we call those negotiations TTIP, i.e. a transatlantic Trade and Investment Partnership.

It is no minor event when the two biggest trading blocs in the world start talking about common standards

in services and goods, removing customs duties altogether or allowing free competition in public procurement.

THE EU AND THE US compose 50 per cent of the world economy and 30 per cent of world trade. Over the years many of the standards and rules of trade have been set by these two giants. After all, who would want to make a product which is not accepted in one or both of the mega markets?

Why did the EU and the US decide to renew their marriage vows now? The easy answer is to say that "it is the economy, stupid!" Yes perhaps, but only partially.

The financial crisis did take its toll. We need growth and a transatlantic free trade agreement would, according to the European Commission, give annual growth rates of 0,5, per cent at least up until 2027.

But it is also about politics. The tragic events unfolding in Ukraine have brought the EU and the US much closer again. We realise that we live in a symbiosis. We need each other. And shared values are never a bad thing in a marriage.

At the same time the EU and the US are losing ground. Others are catching up. In a decade or two China will pass both as the biggest economy in the world. Other parts of the world are growing faster than the transatlantic couple.

It is not only about the WTO and the transatlantic partnership, there are other things cooking on the trade front too. The biggest one is an initiative on Green Growth. In essence it would mean that countries would reduce and eventually remove all tariffs and barriers linked to environmentally friendly innovations and products.

I am a firm believer in free and fair trade. They are the foundations of economic growth, and subsequently welfare. After three years in the trade business it is exciting to see that things are moving. And yes, the EU-US marriage is full of hope, and trade is sexy again. ●

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