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Brexit's Potential Impact on the Transatlantic Trade and Investment Partnership (TTIP)

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As is known, the conclusion of the Transatlantic Trade and Investment Partnership (TTIP) agreement being lobbied for by Washington would create the world's largest free trade zone and the free movement of capital. Today, the US and EU together (including the UK) are estimated to account for half of global GDP and a third of world trade.

Brexit, however, may introduce new elements into the Transatlantic Partnership equation.

On 26 June, the *Independent,* a British online newspaper, published an article titled "We thought the best thing about Brexit would be avoiding TTIP – but the fight isn't over yet" by well-known anti-globalist and Eurosceptic John Hilary, executive director of the NGO *War on Want.* The author believes it is too early to celebrate a victory over supporters of the Transatlantic Partnership. "The Leave vote", writes Hilary,

> "means that the British people have escaped being party to any future TTIP agreement as an EU member state… At the same time… leaving the EU would bring us face-to-face with a UK political elite that has consistently championed the most extreme neoliberal positions… A new UK government could still attempt to sign us up to the principles of TTIP at a future date".

Nick Dearden, director of NGO *Global Justice Now,* expresses a similar point of view:

> Alongside US lobbyists, the British government has done everything possible to push the most extreme and toxic version of TTIP. So there's every reason to suspect that the UK will look to develop a bilateral deal with the USA that could end up being even more disastrous for labour protections, consumer standards and public services than TTIP was going to be… Brexit means that we need to redouble our efforts to stop the UK's free market fundamentalists from enabling massive corporate power grabs through bilateral trade deals.

Benjamin Oreskes and Victoria Guida, authors of the article "The bright side of Brexit? A US-UK trade deal" published in the online journal *Politico,* note that the prospects of a TTIP agreement between the US and the EU are becoming increasingly elusive. According to the authors, the agreement is facing particularly strong opposition in Germany and Austria. Last year, meanwhile, the Democrats promised American voters that if Barack Obama's administration ran out of time to conclude the TTIP agreement with Europe, then it would be done by the new Democrat president (Hillary Clinton).

A number of other US experts, whose opinions are quoted by Politico, are more or less confident that the break-up between London and Brussels will not stop Washington and London entering into an agreement similar to the one prepared during negotiations between Washington and Brussels.

Arguably the most reserved on the issue and the one who has expressed himself most cautiously is Tennessee Republican senator and chairman of the Senate Foreign Relations Committee Bob Corker. He stated that he was all for expanding trade links with the UK, but would still prefer a wide-ranging trade pact between the US and the EU.

Hillary Clinton also gave her view on the subject, although her opinion was extremely affected. She reiterated Obama's statement that the referendum will not influence relations between the US and the UK.

According to a number of experts, interest in entering into a bilateral agreement is now coming not just from Washington, but from London as well. To compensate for any possible trade losses as a result of leaving the EU, London is bolstering trade links with countries outside of the European Union. The US is the UK's main trading partner. In 2015, the total value of UK goods exports was $460.1 billion and just over half of UK exports went to Europe. The US nevertheless holds first place among the UK's trading partners. Last year, UK goods export volumes totalled (billions of dollars, share of total UK exports in brackets): US – 66.5 (14.5%); Germany – 46.4 (10.1%); Switzerland – 32.2 (7.0%); and China – 27.4 (5.9%). America is also the UK's main partner in terms of international investment. Thus in 2014, US investment accounted for 41.5 percent of the total amount of FDI inflow into the UK economy ($72 billion) and by the end of 2014, the total amount of US foreign direct investment in the UK had reached $588 billion.

Obviously the UK is not such an important economic partner for the US as the US is for the UK, however. In 2014, for example, the UK was only America's seventh biggest trading partner in terms of foreign trade turnover (after Canada, China, Mexico, Japan, Germany and South Korea).

Primarily, London is important to Washington not as a trade and economic partner, but as a political and military one. It is through London that the US is hoping to continue exerting its influence on Continental Europe and in this regard, Brexit will change nothing.