The Future of TTIP and Latin America Amid a Changing Atlantic Dynamic

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Abstract

Under the looming shadow of one of the largest trade deals ever proposed, Latin American countries must evaluate their options under immense uncertainty. The deal, TTIP, has been negotiated in private and hence one can only speculate on the implications of a deal that would unite more than 30 percent of world GDP in a trade bloc. This analysis seeks to understand the factors of uncertainty surrounding TTIP in order to evaluate the potential economic reverberations that Latin America would experience. The study will first evaluate the potential effect the mega-trade deal would have on regional integration before moving to consider the economic repercussions of such a deal. Ultimately, discussion builds to consider the future of the Atlantic community.

Introduction: A state of the Unions

The economies of Latin America, as a consequence of their reliance on exporting commodities and lack of institutionalism, are extremely vulnerable to changes in world trade patterns. As the global stage now shifts to focus on a major trade deal between the region’s biggest trade partners, the EU and the US, these economies must brace themselves for the global repercussions of a new age trade deal which seeks to reduce non-tariff barriers between the two giants.

As a result of economic shocks to China that have caused a decrease in demand for commodities, the CELAC (the acronym for the Spanish name of the Community of Latin American and Caribbean States) region is expected to contract in coming years, according to the World Bank (Harrup). As history reflects, the CELAC region is not one to experience consistent or strong growth. A myriad of factors is to blame for the anemic economies of the region, among them are the volatility of oil prices and prices of other commodities, policy that seeks to protect local producers, and institutional barriers, or more specifically a lack of adequate and stimulating institutionalism.

No other region relies so heavily on commodity prices as the CELAC region. The outlook for the coming years will depend on how frugal the economies were during the commodities boom; the more lavish the spending, the more difficult it will be to adjust to an era with lower commodity prices.

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prices. For example, for the course of the boom, Peru kept an open economy and was careful not to drastically increase spending (Harrup). As a consequence, in 2015, the economy grew 3.3% and is expected to continue its expansion (World Bank).

Mexico has taken a page from China and moved to industrialize, thus shielding itself to a degree from the volatility of commodities. As a result, the economy is expected to expand 3% in 2017 despite low oil prices and “softer external demand” (OECD, Mexico). Structural reforms put forward by the government and monetary policy focused on stabilizing inflation, as well as strong domestic demand, are keeping the economy on track to progress despite the China slowdown (Amador). This economic momentum kept the country from settling into mass political distrust following a home buying scandal, which Mexican President, Peña Nieto was thought by many to be involved in (although he has since been acquitted) (Pestano). Additionally, in a world plagued by low oil prices, the Mexican government has taken steps to insure its public oil company, PEMEX, remains financially viable. Recent key structural reforms set the stage for a productivity growth boost in coming years (OECD, Mexico). However, current developments expose the country to a great deal of uncertainty as the beginning of the year unfolds. Newly inaugurated president of the United States Donald Trump has made his stance against Mexico rather clear even threatening to withdraw from NAFTA (Tani). As a result the dependency of the Mexican Economy on trade with the US presents itself as a threat. President Trump’s press secretary, Sean Spicer, has suggested that a 20 percent tariff may be imposed on all imports from Mexico in order to pay for the proposed border wall. The administration suggested the tariff as a way to fulfill campaign promises that the Central American Nation would pay for the multi-billion dollar project (Chandler).

The other side of the coin tells a much different story. Venezuela, the country with the highest volume of oil reserves, used revenues from the commodities boom to finance socialist policies under president Hugo Chavez. Domestically, Venezuelans have reaped the benefits of oil subsidies for more than 20 years. Prices under these subsidies never changed from .01 US dollars per liter under Chavez, and his successor, Nicolas Maduro’s increase of prices to .60 US dollars per liter under prevailing prices and the black market exchange rate is an alarming 0 dollars per liter (Rojas Jiménez). As a founding member of OPEC, oil makes up 96% of exports for Venezuela. Following the economically unsound policy of keeping oil prices subsidized and stable domestically, the country has also been reluctant to adapt exchange rates, which has spawned the creation of a black market. As a result, inflation has run rampant (Rojas Jiménez). According to the World Bank’s semiannual report, the economy of Venezuela contracted by 5.6% in 2015 with an inflation rate of 121%. In 2017 inflation is predicted to rise 1660%, followed by a 2880% increase in 2018 (IMF as cited in Gillespie, 2017). Even with four separate exchange rates, the discrepancy between the official and black market exchange rate is over 800 bolivars per USD (Disilvestro). To create perspective on this level of inflation, “The Economist” info graphic depicting “How to carry $10m in large banknotes” indicates that in order to carry ten million dollars worth of the 100 bolivars bank note at the black market exchange rate would weigh 333 tons and require 14 semi-trucks. In comparison, to carry 10 million USD comprised of 100 dollar US bank notes would weigh 100 kg and require only seven and a half briefcases (Haver Analytics as cited in The Economist). The runaway inflation coupled with a President who has made little effort to remedy the issues left by his political party, has led many economists to predict the default
of the Venezuelan economy in coming years (Kurmanaev). As Venezuela finds itself quickly running out of foreign reserves the year for default may very well be 2018. The government has only 10.5 billion USD in foreign reserves and outstanding debt of roughly 7.2 billion USD due this year (Gillespie, 2017).

Brazil paints a picture of the effect of institutional barriers to an economy struggling with political uncertainty. Currently the country is in the middle of its longest recession since the 1930s with both consumer and business confidence continuing to decline. This decline stems from rising corporate debt and bankruptcies coupled with the ongoing repercussions of the PETROBRAS scandal that has led to high political uncertainty (OECD). The recession has not been kind to Brazilians; unemployment rates have risen 20% from a year ago to sit at a rate of 11.2% unemployment (Gillespie, 2016). Brazil has shown signs of becoming more open to trade and integration, however, as a member of MERCOSUR its trade policy is predetermined. The country maintains high tariffs, and institutional protectionism has led to high non-tariff barriers such as local content requirements. As a result, although Brazil has moved to industrialize and thus cultivated a dynamic private sector, its manufacturing sector is largely uncompetitive internationally due to “significant state intervention and trade protectionism” (Fleischhaker, 7).

A Brief Overview of the Unclear Future of TTIP

This mega trade deal referred to as TTIP (an acronym for the deals’ full name, the Transatlantic Trade and Investment Partnership) presents itself as a common bilateral trade agreement between the European Union and the United States, however, the deal seeks to set an important precedent. Negotiations for the deal begun in 2013 after a panel of experts recommended a FTA between the two giants. Other such FTAs were proposed prior, most notably in 2006 by German Chancellor Angela Merkel (Beringer). Negotiations were meant to wrap up by 2014 but by the end of 2016 the deal was on the 15th round of negotiation with a future shrouded in uncertainty.

TTIP seeks to reduce non-tariff barriers in hopes that trade will proliferate. While TTIP may reduce traditional tariffs in certain industries, traditional tariffs sit at 4%, while NTBs cost the equivalent of tariffs between 10-20% (Bacaria). Hence, the majority of benefits to the two economies will come from the reduction of NTBs. With a handful of EU countries suffering from sluggish GDP growth, the European Union hopes that eliminating costly non-tariff barriers will stimulate economic growth. The deal would bring together regulatory differences between the two giants whose combined economic block would make up over 30 percent of the gross world product2.

President Barack Obama has championed mega, new-age trade deals with his presidency’s support of TTIP and TTP, the pacific, multilateral counterpart of TTIP. The opportunity presents itself at a favorable time with WTO Doha talks at a standstill, leaving the reins for influencing the future of trade policy in a politically favorable environment up for grabs. As a result, globalization

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2 Estimates vary; according to ppp adjusted estimates in 2015 dollars from the CIA World Factbook, the combined block’s share of GWP is just over 32.5%
proponents are left to look elsewhere for someone to take control (Beringer). Above economic prosperity, both, the Obama Administration and the European Commission, hope that this trade deal will usher in a new wave of globalization. On the 17th of June 2013, José Manuel Durão Barroso, the President of the European Commission at the time, described the partnership as a means to huge economic benefits from reducing red tape and “harmful” behind-the-border trade barriers (Durão Barroso). Barroso goes on to say that TTIP, as an innovative and ambitious trade agreement, will help both the EU and the US to remain “strong global players who set the standards for the 21st century (Durão Barroso). From the onset, the omnipresent goal of TTIP has been to encourage globalization in a world where WTO is proving ineffective (Hammond).

At the present moment, there is much uncertainty surrounding the trade deal. As the Obama Administration wound down its’ term, hope waned that the deal would be complete before his success took control (Holehouse). The future of TTIP under the 45th president of the United States is shrouded in uncertainty. New republican president Donald Trump has attacked TTP but made little to no comments regarding its’ bilateral counterpart. Although he has lauded bilateral trade agreements in comparison to TTP, due to the size and the terms of TTIP, it is believed his opinion on its’ Pacific counterpart applies to the deal as well (Trump as cited in Bradshaw). Hence, TTIP is unlikely to pass under his protectionist stance (Gutteridge). Currently TTIP talks have been stalled by the administration as “there is no one in President Donald Trump’s administration with whom to continue discussions” (Brennan).

Across the pond, TTIP has faced considerable public opposition. The European public seems to have been incredibly soured by the secret negotiations and their lack of say in the passing of the deal. As a result, citizens have begun to feel that TTIP may not be in their best interests. Among their concerns are changes in regulatory standards such as genetically modified organisms’ regulation, establishment of intellectual property and data privacy laws, and a proposed corporate dispute-settlement method (Larivé). The corporate dispute-settlement method is the most contested clause in the entire deal; ISDS, the Investor-State Dispute Settlement Clause, would allow companies to sue the government for enacting laws that harm the company’s profits (Vanbergen). The opposition points out that this dispute method would often come at the cost of welfare of the common man, whose government could no longer protect them for fear of litigation. Additionally, the rise of populist parties in Europe exemplify wide spread concerns over globalization, the EU, and global markets (Larivé).

**TTIP and Latin America: The basics**

The United States and the European Union are respectively the first and second largest trading partners of CELAC in both exports and imports. The US makes up 38.6 percent of LATAM exports and 33.1 percent of imports where the EU makes up 13.8 percent of exports and 14.7 of imports (Rosales). TTIP and TTP stand to affect LATAM in a variety of ways both positively and negatively. It is important to keep in mind that, as these planned trade agreements are not finalized, much of the information available now is purely speculation and will change as global economies evolve. CELAC, as a particularly delicate sector, does not often experience reliable economic growth due to institutional barriers. In this regard, TTIP and the precedent it
sets, as far as the importance of globalization and trade agreements, could stand to benefit the sector, if governments decide to follow suit. When one considers the global economy as a whole, increased economic activity between the US and the EU “would generate positive spillovers” for countries showing signs of sluggish economic growth, such as LATAM. (Reiter) Additionally, trade diversions from less efficient EU/US exporters could benefit the sector; however, this is dependent on the level of trade preference given to the CELAC sector under TTIP as well as on the US/EU trading goods they also import from the CELAC area. (Reiter)

On the other hand, TTIP could negatively impact the area, slowing or halting already sluggish growth. Non-Tariff measures are already significantly more restrictive than tariffs especially for goods in which developing nations have a comparative advantage. The fear is that TTIP may worsen NTM by heightening standards for imports, thus disadvantaging exporters who cannot afford compliance costs. Additionally, if regulatory approximation is not achieved, LATAM exporters would be disadvantaged as they have to comply with separate sets of US and EU standards, while TTIP exporters would only have to comply with one set. In this way, trade diversion, diverted away from the CELAC area, would be costly for domestic exports (Fleischhaker). Lastly, Reiter mentions that one of the biggest issues with TTIP is that it may mask the necessity of subsidiary restructuring, especially in sectors such as the oil and agricultural industries: sectors in which government imposed institutional barriers are already affecting LATAMs growth. Without the US leading the way in restructuring the worldwide oil industry, and the duo (EU AND US) forging the restructuring of the agricultural industry, commodity dependent and governmentally stringent LATAM will suffer.

It is impossible to consider the CELAC, more specifically the LATAM, region without also considering the effects a long history of populism has had on the region. Latin America relied on populism to bring the common man and woman into the political sphere. Populism, especially in Latin America, is often championed by a great orator. Take Juan Peron, Hugo Chavez, or Carlos Menem; all rose to power by claiming to care about the common man. However, populism has not been kind to Latin America. Populist leaders often inspire a wave of nationalism, a strong sense of national identity that tends to demonize the foreign, while simultaneously nurturing a sense of anti-capitalism (Hulton). As a result, populist leaders, and the cultural legacy they have imprinted on Latin America, have often championed protectionist policies such as import substitution industrialization. This deliberately protectionist policy sought to protect domestic industries by reducing foreign competition in local markets. The hope was to create competitive economies by nurturing manufacturing sectors; however, the manufacturing sectors in the countries that pursued ISI policy were decreasingly competitive when compared to more export oriented economies.
The Bertelsmann Stiftung study, that will be highlighted in the economic analysis, divides Latin American countries into two groups: “The Pacific Pumas” and the MERCOSUR/Bolivarian block. The Pacific Pumas are comprised of Mexico, Chile, Colombia, and Peru while the MERCOSUR block is made up of Argentina, Bolivia, Ecuador, and Venezuela. The factor that differentiates the two is openness to trade. As can be seen in the graph above, the MERCOSUR block is generally less open to trade, with its’ largest economies being the least open. What is extremely notable is that the most open economies seem to be the Central American and Caribbean economies. By way of agreements such as DR-CAFTA, the EU Cotonou agreement, and GSP, these economies enjoy preferential access to large markets including the US and the EU (Fleischhaker).

**TTIP and Latin American Integration**

Aside from economic prosperity, one of the main goals of TTIP (as illustrated by the Obama administrations championing of both TTIP and TTP) hopes to usher in a new age of globalization and interconnectivity: economic cooperation. Thus it is essential to consider the impact the trade deal would have on regional bilateral trade agreements in Latin America as well as the effects on the “systems of economic and political cooperation [that exist] within the internal fabric of Latin America” (Roy). Latin America stands to benefit most from TTIP, if it is interpreted as a call to progressive trade policy instead of being seen as a threat to which the region should react by closing off. This positive effect is highly likely as a similar catalyst reaction was experienced in the CELAC area following NAFTA (Mclarty). However, it should be noted that for “certain actors in certain contexts, integration does not always translate to optimum results” (Bonilla Saus). In the context of the CELAC area, because one of the region’s largest institutional
problems is protectionist policy, we will assume integration done correctly will benefit the region. Latin American countries have long favored protective barriers, most notably in the form of import-substitution, as a way to protect domestic producers (Roy). This tendency to turn inwards instead of participating in trade and globalization coupled with a variety of regional institutions with limited power, means that Latin America has plenty of room for growth when it comes to economic cooperation. However, these same circumstances make it difficult to predict the impact on the framework of regional integration going forward.

Many of the Latin American entities of regional integration face an uncertain future with both the EU and the US hoping to lead the world into a more integrated global economy (Roy). MERCOSUR faces a formidable challenge in the coming years. Former member state Venezuela is on the edge of default with rampant political and economic instability. What was once “of great political and economic importance” to MERCOSUR is now a liability (Guimarães). Earlier in the year, the leaders of the other MERCOSUR countries refused to allow Venezuela to assume the rotating leadership of the bloc due to violations of trade policy and human rights. The country had until the first of December to meet membership requirements, if it wished to assume the leadership position, which in the meantime was filled by an interim team comprised of the other member states (Trevisani). The deadline passed without change from the government, prompting the original MERCOSUR members to send a notice that the country would be suspended from the trade bloc (Dreier).

However, Venezuela is not the bloc’s biggest concern going forward. Asymmetries threaten the structure of MERCOSUR, as do low commodity prices. Should the slowdown in China prove to be a long-term adjustment to unsustainably high long-term growth, commodity prices may not rebound. The regions within the bloc should look to industrializing. Additionally, being a member of MERCOSUR restricts the countries from forming outside trade agreements. This could jeopardize the future of the bloc under TTIP and TTP should countries hope to benefit from the deals via bilateral or multilateral agreements (Guimarães). The biggest threat, however, lies in the bloc’s recent transformation of personality from a common market to what more closely resembles a political forum (Tostes). Should members find it unappealing to be a part of the forum at the cost of the spoils of globalization, they may choose to leave MERCOSUR in order to form outside trade agreements.

While the outcome for MERCOSUR is unclear, TTIP poses a formidable threat to the structure of the Andean Community. Referred to as CAN for its Spanish acronym (Comunidad Andina de Naciones), the entity was legally and politically well established. Regardless, CAN has experienced roadblocks from the very beginning (Gómez Balboa). Its Secretary General lacks the authority to make deals to be followed by the member nations rendering its’ negotiating arm nonexistent. While the exit of Venezuela seems advantageous to the entity given the state’s current economic tailspin, Bolivia threatens to follow suit in jumping ship. Bolivia is already a de-facto member of MERCOSUR seeking full entry (Roy).
An Economic Outlook for Latin America after TTIP

The opaque nature of TTIP negotiations makes estimating economic effects particularly difficult. This difficulty is further exacerbated by the large amount of uncertainty surrounding the deal as well as global financial markets. The largest threat, or possibly a strong benefit, to Latin America is trade diversion. One can divide this trade diversion into two classes: trade diverted from Latin America (a negative effect for the region), which we will hereon refer to as trade diversion. Before considering the other instance of trade diversion, one must first consider the income effect. TTIP hopes to boost growth in the participating economies, hence the deal seeks to increase income of citizens. As a result, citizens of the EU and the US will have more income and thus, demand for goods from other countries would increase. Hence, less efficient producers may buy the finished product from sellers abroad to redistribute. The type of trade diversion experienced, as well as the impact of the income effect, will only be determined with time, as these effects depend on a myriad of factors such as how much regulatory approximation is extended to non-TTIP-participants (Reiter). In order to develop a full understanding of the factors at play, this analysis strongly references a study done by Bertelsmann Stiftung; the projected change under this study in real income under TTIP is displayed below. It is important to keep in mind that the high level of uncertainty surrounding TTIP makes estimates highly variable. A CEPR study conducted found no trade diversion-effect and predicted net trade gains for the rest of the world, but did not delve into the specifics of CELAC economies (CEPR as cited in Hübner)

![Projected Effect of TTIP on Latin American Country Welfare, Real Income (Percent)](image)

Source: Ifo Institute and Bertelsmann Stiftung
**Brazil:**
As discussed earlier, Brazil’s economy is largely closed in nature, with the lowest total trade (exports plus imports) of any CELAC country as a percentage of GDP (CIA Factbook). As a result, the study done by Bertelsmann Stiftung concludes that a mega-trade deal such as TTIP would leave the country further isolated in respect to global trade. Additionally, increased competitiveness of producers inside the TTIP bloc would strain an already largely uncompetitive manufacturing sector. However, the study also hypothesizes that under TTIP, the country would experience increased exports to most European economies. The catch here is that this increase in exports would come at the cost of exports in key markets such as China and the US. Overall, Bertelsmann Stiftung calculates a -0.01% change in real income. When it comes to the various sectors of the economy, the study concludes that only the mining sector will benefit, and even then, only marginal gains will be seen. An additional factor that must be considered is the effect of the bilateral trade agreement on the future of Foreign Direct Investment (FDI) in Brazil. With minimal welfare losses, FDI may not change substantially; however, the future of competitiveness of the manufacturing sector, and fears surrounding the growth of China will likely have a negative effect on investors’ views of the economy. The biggest cost to Brazil, however, is incurred as a result of decreased competitiveness in manufacturing. That is, as a result of TTIP, the Brazil economy would increase its dependence on commodities, whose volatile nature would be further in control of the economies progress.

**Venezuela/Bolivia:**
TTIP and any economic effects it may bring with it are certainly not the most of the Venezuelan economy’s worries especially in light of dwindling cash reserves. The economic effects on Venezuela and Bolivia are best examined under the lens of the effects of the agreement on MERCOSUR. Although Bolivia is not a full member of MERCOSUR, as an associate member, whose interests belong most closely with those of Venezuela, and with the recent lack of action by the Andean Community, the country will be grouped with the bloc for the sake of this analysis. The biggest threat to these economies comes as a result of them not enjoying preferential access to the markets of the TTIP bloc. That is, as other producers are given preferential access to markets, trade diversion would decrease MERCOSUR’s exports (Fleischhaker). However, Venezuela may suffer slightly more should TTIP cover up the need for restructuring of the oil industry. However, the study found that Venezuela and Bolivia would benefit, albeit marginally, should the deal be passed (Fleischhaker). However, due to the uncertainty surrounding the Venezuelan economy, particularly in light of December’s passed deadline and subsequent suspension, and the ties that Bolivia has to such an economy suggests that regardless of predicted marginal gains FDI will likely not increase.

**Mexico/Peru:**
TTIP would bring changes to Mexico’s trade patterns; significantly decreasing exports to the US by 5.7% and to Canada by 4.4%, TTIP would make the country less reliant on the region it has been strongly tied to since the signing of NAFTA in 1994. The end effect is only marginally negative, because the country would increase its exports to other trading partners, notable Latin America. However, TTIP is expected to have a marginal negative effect on Mexico’s welfare
(Freischhaker). In total, the deal is only projected to reduce welfare by less than .10%. A much bigger threat lies on the horizon for the stability of Mexico’s economy as new president Trump threatens to repeal NAFTA, a power he will be granted in early 2017 (Luhby). Going forward, TTIP could be beneficial, as it would restructure Mexico’s trade to be less dependent on the US, particularly following the Trump administrations threats to impose high tariffs on Mexican imports (Chandler). FDI for both Mexico and Peru would likely increase, as the close ties with both economies participating in the deal will likely be looked on as favorable; similarly, decreased volatility in the growth of Mexico as a result of decreased dependence will likely enhance the appeal of the country as an investment.

Peru, the other Pacific Puma, will most likely suffer at the hands of a similar fate as the rest of Central America (Mexico included) and the Caribbean. The country has established free trade agreements with both TTIP countries. The EU-Peru Free Trade Agreement was established in 2010 and took effect on the first of March 2013 (European Commission, 2013). Similarly, the US has a standing FTA with Peru that has doubled trade with the nation from ~$9 billion in 2009 to $16 billion in 2013 (USTR). The loss of preferential market access will likely cause a slight negative change in welfare. Estimates produced by Bertelsmann Stiftung put the negative effect at .15%, slightly higher than its Pacific Puma counterpart. The study attributes this negative effect to a loss in value added in Peru’s metals sector; while the loss in value added is slight, the sector would benefit substantially from other trade agreements in the works and hence, TTIP may be enemy number 1 for the industry going forward.

Central America and the Caribbean:

As mentioned earlier, the economies of Central America and the Caribbean enjoy preferential access to the EU and US markets from existing FTAs. This puts them at risk for trade diversion, given that EU producers would gain preferential access to US markets and vice versa. As a result, Central American and Caribbean producers would be displaced (Freischhaker). However, these same ties, as discussed for Mexico and Peru, may make the economies seductive investments and hence increase FDI.

Conclusion: The Fate of the Atlantic Community

With the rampant uncertainty surrounding both TTIP and the present state of the global economy, there is little conclusion to be found. In the face of TTIP, the CELAC region would benefit most by following the call to arms, or call to neoliberalism, set by the agreement. Should the deal successfully reinvigorate the free trade movement, CELAC countries would miss out on the bigger benefits of regulatory approximation and trade diversion if they revert to old habits of protectionism. Additionally, countries may be hurt, or benefit, from a change in foreign direct investment. The most exciting future for Latin America lies in the prospect of what many scholars have begun to refer to as “the Atlantic Community”. On the tails of TTP whose multilateral nature will construct a pacific community of sorts, the prospect of an Atlantic Community seems only logical. That is, the EU and the US being the largest trading partners of CELAC forms a quasi-community. With the Western Hemisphere losing its’ competitive edge, many believe that uniting
the transatlantic economy, which accounts for three-quarters of global financial markets, is the optimal solution to form supply chains and enhance competitiveness (Larivé).

If you subscribe to the idea that globalization and free trade makes everyone better off, then reducing barriers to trade within the Atlantic Community would benefit all economies involved. However, the Atlantic Community faces a new threat: the rise of “white populism” both across Europe as well as in the United States. The election of Donald Trump, the British referendum to leave the EU, and the rise of populist leaders across France and other parts of the EU threaten the future of TTIP and the Atlantic community as a whole. The threat of nationalist Marine La Pen assuming the presidency of France, on the heels of a Trump victory, would leave Germany, already accustomed to being the shepherd and savior of Europe, as the only guardian of democracy and cooperation. However, even Germany isn’t immune to the changing tides; recent popular opinion has shown signs of suspicion of openness with the nationalist counterpart making strides, although not substantial, in local elections (Moisi).

Populist rhetoric, as mentioned earlier in the context of Latin America, focuses on creating an ‘us vs. them’ mentality. We refer to this new era of populism as white populism on the basis that one of the main drivers seems to be fear of social change (Taub). Changing social hierarchy and demographic make-up of both the EU and the US, further exacerbated by fear of the outsider bred in the last 20 years as a result of terrorist attacks, threatens the position-of-power Caucasians across the Atlantic Community have accustomed themselves to. As a result, political leaders fixating on immigration fears have found populist rhetoric, including simplistic and ineffective policy, an easy ticket to power (Simon). However, in an ‘Over Beer’ segment by EurActiv, US Ambassador to the EU Anthony Gardner warns that individuals should be careful not to “reject the core fears that are being expressed” and that “moderates have to speak out...to defend these basic principles: democracy, free trade”.

One could make the foolish argument that such a rise of populism may further connect Latin America with both the EU and the US based on the CELAC region’s historical ties with populism; however, this disregards the nationalistic component inherent to the political doctrine. This very component is what threatens the future of TTIP. That is, the arguments used to attain this power rely on pitting the ‘people’ against the ‘outsiders’. Hence, TTIP is unfavorable to these parties because it seeks to benefit the whole and not just the ‘us’. As a result, many believe TTIP to be “dead in the water”, the deal’s only hope being that populist leaders realize the over simplicity of their proposed policy and readjust, signs of which have been seen in the Trump transition (Bradshaw). While Trump still affirms an anti mega-trade agreements stance, hope for TTIP lies in his advisors; “100 %” of the presidents agriculture advisors come from agribusiness and “some of them were lobbyists for TTIP” (Robert). Additionally, a U.S.-EU Joint Report on TTIP Progress to Date released mid January 2017 treated the deal as very much alive and many believe “there’s still hope” for TTIP including European Commission Vice President for Jobs, Growth, Investment and Competitiveness, Kyrki Katainen (European Commission, 2017) (Handelsblatt Global Staff). Concerning the future of the Atlantic Community, unless dramatic change is seen, there is little hope that Trump’s ‘build a wall & make them pay for it’ attitude will nurture cooperative relations between the US and the CELAC region.

Taking into account the changing tides of global relations, the coming age of academics, diplomats, and politicians will be posed with many new questions. If the majority disapproves of
openness, how does one encourage economic growth without increasing globalization? Can the legacy of globalization be reversed without severely impacting economic development? How can the Western Hemisphere remain competitive among changing trade patterns and supply chains should they not participate in new age trade deals? Can TTIP, and other mega-deals, be adjusted to decrease the amount of suspicion these citizens feel regarding enhanced openness (Peña)? Should Latin America shift its focus to trade deals with the eastern hemisphere for the sake of preserving their fragile growth? Ultimately, what must be considered for the growth of the CELAC region and the future of the Atlantic Community is whether the European Union, in light of Brexit and the rise of populism, can serve as an appropriate and inspiring model for regional integration (Roy).

Works Cited


