

## Transatlantic Trade in the Trump Era: New Strategies for Europe

On 20<sup>th</sup> of November 2018, the **European Liberal Forum**, the **Prague House**, and the **Institute for Politics and Society** held a discussion on the topic **Transatlantic Trade in the Trump Era: New Strategies for Europe**. The speakers were **Dita Charanzová**, Member of the European Parliament, Vice-Chair of the Committee on Internal Market and Consumer Protection (IMCO), ALDE / ANO, **Ivan Hodáč**, Founder and President of the Aspen Institute Central Europe, **Petr Zahradník**, Member of the European Economic and Social Committee, and **Bruno Lété**, Senior Fellow of the German Marshall Fund of the United States. The discussion was moderated by **Jan Macháček**, Chairman of the Board of Trustees, Institute for Politics and Society.

**Dita Charanzová** urged the Czech people not to get caught up in one American company, as there will be others that out-do it in the future. She advised others to make choices by principle over picking and choosing companies to support. Furthermore, she spoke of China as a natural competitor. **Charanzová** also went on to admit that she was happy about the delaying of Transpacific Partnership (TPP) because it is being done by the U.S. and not by Europe. She explained that she cannot see TPP being ratified in Europe in its current state, and is glad that the U.S. are the ones undermining the process.

**Ivan Hodáč** opened saying that China did not have its current global stature a mere two years ago. He explained that it was not until after the United States' President Trump announced plans for the TPP that the Chinese made it an initiative to openly and freely trade. He listed the change in the U.S. administration, Brexit, and the rising trading power of China as causes of changes in global relations since 2016. The combination of these events have led to the stopping of TPP, a renegotiation of NAFTA, China becoming a major power and now self-declared free trader, etc. **Hodáč** also stated that contrary to previous beliefs, President Trump appears to have a foreign policy strategy. He is making deliberate moves to intensify the trade war. This is especially evident in his recent NAFTA clause, which aimed at blocking trade with non-market economies such as China. That being said, China is still a member of the World Trade Organization and thus cannot be blocked easily. Furthermore, **Hodáč** believes TPP trade negotiation/ agreement will not come back on the table even after the Trump administration is out of the White House as it was not a normal trade agreement. It was a comprehensive agreement that was seen as ahead of its time.

**Bruno Lété** discussed the belief that the United States' true intention is to strengthen relationships with European nations as a means to weaken the influence and power that China has. He started off his statement with statistics putting the depth of the U.S' trade relationship into perspective. Billions of goods and jobs revolve around this relationship, but the U.S imports over a billion dollars worth of goods on average than it exports to the U.S. has a trade deficit. He then went on to talk about his doubts surrounding the possibility that President Trump will ever be charged for his attempts to negatively impact his country's trade. Although the Republicans lost their majority in the House of Representatives during the October midterm elections, **Lété** doesn't think much will come of it.

**Petr Zahradník** began his speech by explaining that in addition to China, Europe is competing with the U.S. The U.S. and Europe are simultaneously competitors and partners. However, although they are competing with each other, they economically need each other. He discussed the importance of the trade relationship between the United States and European nations. **Zahradník** also discussed his belief that Europe should learn from the U.S' foreign policy mistakes and enact better policies of their own.

The purpose was to debate whether or not U.S. President Trump differentiates between European allies and China in regards to his trade wars.

The objective was to decipher how trade relations between the US and the EU will impact the trade war, the possibility of co-operation to reduce tariffs, overall trade liberalization. The event was also created to gain familiarity with the opportunities for new emerging trade deals between the EU and other countries and discuss a better position for UK post-Brexit intra-trade negotiations.

Target audience:

The event was attended by prominent politicians, academics and representatives from the EU institutions. There were approximately 100 participants.

The outcomes of the project were:

- Pictures
- Video
- A short report
- A long report

Results of the project:

The attendees were able to gain familiarity with the topics of how trade relations between the US and the EU will impact the trade war, the possibility of co-operation to reduce tariffs, and overall trade liberalization. They were also able to gain familiarity with the opportunities for

new emerging trade deals between the EU and other countries and discuss a better position for UK post-Brexit intra-trade negotiations.

#### Conclusion and policy recommendation:

Although the United States' President Trump inspires doubt in his strategic planning when it comes to foreign policy, deeper analysis of his trade-related actions reveals the opposite. He is taking precise steps to exclude China from global trade with the goal of eliminating the U.S' trade deficit. Despite the president's hostility, the Trump Administration treats European nations as economic allies. It is unlikely that European nations will become targets in President Trump's trade war. Therefore, European nations need to focus on maintaining their trade relationships with China and the U.S. while avoiding entering the tariff war.