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**Trade and Security—Motives behind U.S. Free
Trade Agreements**

Elisabeth Winter

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Editors:

Europa-Kolleg Hamburg
Institute for European Integration
Prof. Dr. Jörg Philipp Terhechte, Managing Director
Dr. Andreas Grimmel, Research Director
Windmühlenweg 27
22607 Hamburg, Germany
<http://www.europa-kolleg-hamburg.de>

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Trade and Security—Motives behind U.S. Free Trade Agreements

Elisabeth Winter

Abstract

Since the Second World War, U.S. governments had used trade politics to open markets abroad and for strategic purposes. This is especially true for free trade agreements (FTAs). Since signing its first FTA in 1984, the United States had increasingly used FTAs as an economic tool to accomplish geopolitical objectives. President Trump, however, decided to take another path. He intends to make America great again by pulling out of most current FTA initiatives, most prominently the TPP with other Pacific-Rim countries and the TTIP with US closest ally, the European Union. In this paper I ask how exactly did U.S. FTAs relate to security concerns in the past and what political developments led Donald Trump to turn away from this decade-long approach? I discuss the linkages between FTAs and security concerns and the strategic motives behind the TPP and the TTIP. I show that security policy has indeed been a crucial argument for most U.S. FTAs; but that President Trump made it a top priority to reverse this strategy.

Keywords:

free trade, U.S., TTIP, FTAs, Trump administration, security policy

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About the Author:

Elisabeth Winter is a Ph.D. Candidate at the Berlin Graduate School for Transnational Studies at Freie Universität Berlin & Program Assistant at The German Marshall Fund of the United States, Berlin. She has obtained a Masters degree in North American Studies with a major in Political Science and holds Bachelor of Arts in Social Economics. Elisabeth Winter was a Transatlantic Research Fellow and contributor to the international conference FOTAR 2018. Both, the fellowship and the conference were jointly hosted by Europa-Kolleg Hamburg and Bundeskanzler Helmut Schmidt Foundation and received generous funding from the Free and Hanseatic City of Hamburg.

Contact information:

Elisabeth Winter,
winter.elisabeth@fu-berlin.de

1 Introduction

Donald Trump, the 45th President of the United States intends to make America great again. On the campaign trail, he reiterated two promises in foreign policy to achieve this goal: to leave the Trans-Pacific Partnership (TPP) and to be tough on China again. In fact, he delivered on his first promise on his first full day in office by taking immediate action to withdraw from the TPP. However, experts argue that this move counteracts Trump's second promise, his plan to stand up to China. Michael Froman (2017), in his final speech as U.S. Trade Representative (USTR), indicated: "There is simply no way to reconcile a get-tough-on-China policy with withdrawing from TPP. [...] That would be the biggest gift any U.S. president could give China, one with broad and deep consequences, economic and strategic." Since the Second World War, U.S. governments had used trade politics to open markets abroad and for strategic purposes. This is especially true for free trade agreements (FTAs). Since signing its first FTA in 1984, the United States had increasingly used FTAs as an economic tool to accomplish geopolitical objectives. President Trump, however, decided to take another path.

In this paper I ask how exactly did U.S. FTAs relate to security concerns in the past and what political developments led Donald Trump to turn away from this decade-long approach? I start with a brief discussion of linkages between FTAs and security concerns. The ensuing paragraphs review the history of U.S. FTAs focusing on motives beyond economic reasoning. I also discuss the strategic motives behind the two recent U.S. mega-FTA initiatives, TPP and the Transatlantic Trade and Investment Partnership (TTIP) with the European Union (EU). I show that security policy has indeed been a crucial argument for most U.S. FTAs; but that President Trump made it a top priority to reverse this strategy. I reflect on different strategic motives, their development over time, and why some have recently gained importance. I conclude with some remarks on the current state of the trade-security nexus.

2 Linking Trade Agreements to Security Concerns

Building on the growing literature on the linkages between FTAs and security, I distinguish three broad categories of rationales to pursue FTAs: economic considerations, traditional security, and non-traditional security concerns (Aggarwal & Govella 2013). Though I acknowledge the role of economic considerations and issues of domestic politics in the United States as motives for FTAs, I will not go into their details. Instead, I focus on a broad range of security policy considerations that motivate U.S. trade accords. In an increasingly globalized world, the notion of traditional security—defined narrowly as the military defense of state interests and territory—has become too restrictive to capture threats and risks. The concept of non-traditional security broadens this definition: while it maintains a focus on the protection of state sovereignty, the object of security is no longer just the state but also the survival, wellbeing, and dignity of the people, at both individual and societal levels (Acharya et al. 2006; Caballero-Anthony 2010). It includes non-military threats such as challenges to democracy, the environment, or labor rights. Consequently,

FTAs can serve as a tool for several interests. For instance, they can serve a classic carrot-and-stick approach to diplomacy: rewarding friends for their cooperation such as their support of international military missions whereas other countries have to wait in line for FTA talks.

Furthermore, FTAs can contribute to the economic development of the partner country and thus advance a deepening of democratic processes and the rule of law. This is a standard principle in U.S. foreign policy following the belief that prosperous countries “encourage political pluralism and a strengthening of democratic governance. In turn, these countries are more stable politically and better markets for U.S. exporters and investors” (Schott 2004, 369). This rationale expands to other provisions included in modern FTAs such as environmental, labor, and human rights. Such non-trade issues allow the U.S. to counteract comparative disadvantages American workers would face if environmental and labor standards were lower in its partner countries than at home (Krugman 1997; Lechner 2016).

Thus, the United States spreads its values globally and serves protectionists concerns at home. The U.S. government also seeks to demonstrate the global reach of their interests; FTAs are a peaceful tool to signal these global aspirations. While the multilateral World Trade Organization (WTO) also serves this purpose, FTAs allow for the targeting of specific regions and nations to expand influence.

3 US Free Trade Agreements in Retrospect

From the passage of the Reciprocal Trade Agreements Act in 1934 until the election of Donald Trump in 2016, U.S. trade policy had largely followed a bipartisan goal: to advance multiple efforts to increase global trade openness. In 1934, the United States began to reopen its market after the protectionism of the Great Recession. Following a disruption of international trade during the Second World War, the United States resumed its trade liberalization agenda under the auspices of the multilateral General Agreement on Trade and Tariffs (GATT). In the 1970s and 80s, the opening of U.S. trade policy continued in further multilateral GATT negotiation rounds, but was paralleled by some protectionist measures (USITC 2009). Finally, the period from 1990 to 2016 showed a renewed effort toward liberalization. In addition to the GATT and the newly created WTO, trade liberalization was pursued on regional and bilateral levels.

Since the early 1990s, regional and bilateral FTAs have become a crucial instrument for trade policy globally (Birkbeck & Botwright 2015). As of today, almost all countries have signed at least one FTA: compared to about 170 FTAs in force in 1990, their number increased to about 400 agreements in 2009 (Dür et al. 2014). For a long time, the United States has played only a minor role in this development. It signed its first FTA with Israel in 1984, but only two more followed until 2000. In 1994, the North American Free Trade Agreement (NAFTA) between the United States, Canada, and Mexico superseded a US-Canada FTA from 1988. Additional projects during this time came to nothing. The process only gained momentum when negotiations for twelve FTAs were successfully concluded between 2000 and 2007. Then, after the Financial Crisis in 2007-08, the United States involved itself again in two substantial mega-FTA projects—TPP and TTIP, the future of which is currently insecure.

The following paragraphs briefly review this development, roughly divided into three phases: from 1985 until 2000, the United States negotiated a few FTAs, but focused mainly on multilateral trade liberalization. Next, a first wave of FTAs was concluded in the 2000s, followed by the emergence of mega-regional FTAs in the late 2000s.

Multilateralism in the 20th Century

From the early 1980s to about 2000, the United States followed two paths simultaneously. Mainly, it concentrated on the multilateral approach, culminating in the implementation of the WTO in the mid-1990s. In addition, the U.S. government launched bilateral and regional FTAs when it considered them as crucial add-ons or catalysts for the multilateral project. The agreement with Israel, signed in 1985, was the first such FTA. Security considerations had been the main driving force for negotiating it whereas economic gains were small. The FTA allowed the United States to send a clear message to the region. Back then, Israel was the only U.S. partner in the Middle East and the trade accord underscored US' commitment to its partner (Aggarwal 2013b, 104). Besides, the US-Israel FTA helped the United States to push for progress in the GATT rounds after further liberalization had failed during the GATT ministerial meeting in 1982. The new bilateral deal served as a convenient tool for the Reagan administration to increase U.S. leverage in the GATT negotiations (Schott 2004).

The conclusion of an FTA with Canada shortly after was also tied to troubles in the GATT. Canada had been interested in greater access to the U.S. market for a long time. When both administrations were frustrated with the multilateral negotiations, they started to negotiate a bilateral trade deal expanding the agenda of the GATT and successfully concluded their talks in 1987. And indeed, the US-Canada FTA (CUFTA) met the interests of its signatories and led to progress in the GATT negotiations. U.S. Treasury Secretary James Baker commented: "This agreement can serve not only as a pattern for future bilateral agreements, but also as a catalyst for action on the multilateral front [...]. Other nations are forced to recognize that we will devise ways to expand trade, with or without them" (The Globe and Mail, April 22, 1988, quoted in Aggarwal 20013b, 102).

After the successful conclusion of CUFTA, its southern neighbor approached the United States as well. Shortly after the talks with Mexico were launched, Canada joined, and the three countries agreed on the North American Free Trade Agreement (NAFTA), which replaced the CUFTA in 1994. Again, the FTA was a tool to put pressure on stalled multilateral approaches. The Uruguay Round, the 8th round of GATT talks, was launched in 1986 with the biggest negotiating mandate on trade ever agreed on, including several new areas such as trade in services and intellectual property rights (USITC 2009, 84). Embracing 123 countries, the negotiations for this ambitious agenda proved difficult and failed to conclude as planned in 1990. Encouraged by its earlier successes, the U.S. again suggested alternative negotiating options (i.e. NAFTA) should GATT fail to achieve comprehensive liberalization (Hufbauer & Schott 1992, 42-3). After other member states adapted to U.S. interests, the Uruguay Round concluded with the biggest reform of the world's trading system since the Second World War. Building on this success, the United States

expanded multilateral trade negotiations and included sensitive and difficult technical areas. Moreover, it signed NAFTA, which includes non-trade issues such as labor and environmental rights: the first FTA going beyond the scope of the WTO. Though these provisions were not yet incorporated into the main agreement, the Clinton administration supplemented it with side agreements on the environment and workers' rights.

The United States also launched additional FTA negotiations to further revitalize trade liberalization in the 1990s. Not all of them were successful though. Large initiatives like the Free Trade Area of the Americas (FTAA) or a U.S. FTA with the Asia Pacific Economic Cooperation fell by the wayside because of irreconcilable differences among its members. In short, the 1990s saw a substantial multilateral progress spearheaded by the United States, which has been “a leader of the multilateral trading system” (Schott 2004, 361) through the postwar period. In the early 2000s, however, U.S. trade policy slowly began to depart from its multilateral emphasis and U.S. FTAs started to flourish for a few years (Baldwin 2012).

A Wave of FTAs after 9/11

The first FTAs to be implemented in the 2000s were initiatives that had already been started before the turn of the millennium. Nevertheless, they all were only ratified after 9/11, a critical juncture for U.S. foreign and trade policy: after the attacks “security concerns became paramount in FTA trade policy” (Aggarwal 2013a, 176). The US-Jordan FTA entered into force in December 2001 as the first U.S. FTA with an Arab country and the first to explicitly mention labor and environmental provisions in the main agreement. It mainly followed a political rationale whereas its economic significance was rather minor. A USITC study concluded that an FTA with Jordan would “have no measureable impacts on total U.S. exports, total U.S. imports, U.S. production, or U.S. employment” (Bolle 2001). The FTAs with Chile and Singapore, two more projects from the 1990s were finalized and signed under President George W. Bush in 2003. Although the United States had been negotiating with Chile for over a decade (as part of the larger FTAA), it signed an agreement with Singapore first—due to strategic reasons: Singapore supported the United States in its war on terrorism whereas Chile refused its support (Aggarwal 2013b, 103). In 2004, the United States continued its efforts and signed four more FTAs. Again, the political rationale trumped economic interests. The negotiations with Australia were accelerated to honor its support of the U.S. war against Iraq, even though the US-Australia FTA included sensitive agricultural issues that politicians would normally like to avoid in an election year. New Zealand, in contrast, was eschewed for its opposition. In short, after 9/11, Iraq originated as “the litmus test” (Schott 2004, 370) for potential FTA negotiations under the Bush administration. Potential security linkages also mainly motivated FTA talks with Bahrain. Though Bahrain opposed the invasion of Iraq, it engaged actively in military action against al Qaida, prompting Bush to praise Bahrain as “major non-NATO ally” (Dean 2004, 232). Furthermore, the headquarters of the U.S. Fifth Fleet are located in Bahrain's capital. The US-Bahrain FTA was also intended to support Bahrain's role in promoting peace and democracy in the region.

The FTA with Morocco, also signed in 2004, was another trade agreement in the Middle East and North Africa motivated by political considerations. Following the US-Jordan FTA, the agreements with Morocco and Bahrain as well as the US-Oman FTA (signed in 2006) were part of a larger project, a free trade agreement between the United States and the Middle East Free Trade Area (MEFTA). Shortly before announcing this project to the public, President Bush (The White House 2003) propounded the underlying strategic vision: “Across the globe, free markets and trade have helped defeat poverty and taught men and women the habits of liberty.” The Bush administration was hoping that a MEFTA would create “economic linkages that can normalize strained relationships and offer institutional mechanisms to resolve and prevent political disputes.” (Momani 2007, 1695) The US-MEFTA initiative started in 2003 with the purpose of creating an FTA until 2013. This ambitious goal, however, was hard to reach. Therefore, earlier concluded bilateral FTAs were supposed to serve as gradual steps towards a larger trading zone (Boening 2014, 70). Already in 2007, though, the United States and the United Arab Emirates abandoned talks on a common FTA stating, “the timing was not conducive to concluding bilateral FTA negotiations” (USTR 2013).

The fourth and final FTA concluded in 2004 was a plurilateral treaty called Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). Besides the Dominican Republic, it included Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua. Subsequently, the United States continued its regional effort in South and Latin America. In 2006, it signed FTAs with Colombia and Peru (in addition to the US-Oman FTA) and added an FTA with Panama in 2007 (which passed Congress only in 2011). These FTAs have in common that the United States sought them to leverage its interest in creating the FTAA. This larger project began with a summit in 1994 and had continued over the years without real success. Hence, the United States hoped that these smaller FTAs were to kick off another impetus for the mega-regional FTAA (Destler 2005, 300). But again, the conclusion of FTA talks failed due to internal problems in the U.S. and its partnering countries.

In 2007, the United States signed an agreement with South Korea, the largest U.S. FTA in the new millennium. With this one, economic considerations were clearly more important than in most other FTAs. Nevertheless, “security considerations loomed paramount” (Aggarwal 2013b, 104): Though China’s regional power increased in political and economic terms, Japan was not interested yet in signing an FTA with the United States. To counterbalance China’s rise anyway, the United States and Korean governments agreed on a substantive linkage between an FTA and security. Negotiations were concluded fast; opposition of U.S. business, however, demanded renegotiations and delayed the approval by Congress until 2011. After 2007, the pace of FTA implementation slowed down and the United States signed its next FTA only in 2016.

4 The Mega-Regionals of the 2010s

Notably, all FTAs the United States negotiated in the early 2000s were with small countries with only minor economic and political influence. This changed when the United States engaged in negotiations for the TPP with eleven other Pacific-Rim countries in 2008, and started talks with

the EU for the TTIP in 2012. Under the Obama administration, the United States had become a central actor in the negotiations of these two mega-regional FTAs. Its goals were economic, but also strongly political. The following paragraphs trace the emergence of TPP and TTIP as well as their fast downfall under Donald Trump.

TPP and America's Pivot to Asia

In 2008, the United States announced its interest to join the ongoing negotiations for a Trans-Pacific Strategic Economic Partnership. Over the course of the next years, the agreement attracted additional countries. After Japan joined the meanwhile renamed TPP in 2013, the twelve member states represented about 40 percent of the world economy. In 2016, the talks were concluded and President Obama signed the TPP agreement with Japan, Canada, Australia, Mexico, Singapore, New Zealand, Vietnam, Peru, Chile, Malaysia, and Brunei.

With the TPP, the Obama administration followed the lead of former governments and framed it as a geostrategic competition with China: “With TPP, China does not set the rules in that region; we do. You want to show our strength in this new century? Approve this agreement” (The White House 2016). TPP would have increased U.S. influence in a geo-strategically important region, where the United States is already present (it is Japan’s traditional military protector and has bilateral FTAs with Australia, Canada, Mexico, Peru, Chile, and Singapore). But it would have also brought significant security gains to the United States since it would have supported “the economic growth of U.S. allies, resulting in stronger, more capable partners over time” (Meltzer & Solís 2017). TPP would have consolidated and strengthened the position of the U.S. in Asia as a countervailing power to China.

Consequently, the TPP was part of Obama’s pivot to Asia (Silove 2016). It was considered a reaction to what many experts see as one of the greatest threats the United States are going to face in the future: China’s rising aspirations to restore its dominance in its region and push back U.S. influence in political and economic terms. Though China’s hegemonic ambitions threaten the stability and security of Asia, until now, it has sought influence “primarily through its great economic clout in the region and globally” (Kagan 2016). Hence, the TPP was designed to counter China’s hegemonic ambitions with economic means, too. Both President Obama and USTR Michael Froman emphasized these critical strategic implications of TPP and used it as an essential means to preserve U.S. leadership in Asia in the face of a Chinese challenge (Froman 2014). Former U.S. Secretary of Defense Ashton Carter considered TPP a crucial vehicle for general U.S. influence in Asia as well: “Passing TPP is as important to me as another aircraft carrier” (Defense Department 2015). Accordingly, TPP, “like most trade agreements, is not just about trade. It is a strategic investment in security and stability in East Asia, a low-cost and low-risk way of ensuring the United States and its friends and allies in the region remain close and united in the face of possible Chinese pressures” (Kagan 2016).

Furthermore, though China was not a party to TPP, the large regional agreement likely would have forced China to conform to its rules anyway (Alden 2017). TPP was not designed to contain but to incentivize China to pursue domestic reforms (Twining et al. 2016). This approach seemed

to work: just the prospects for joining it launched a debate in China about the economic reforms that would be necessary (Meltzer & Solís 2017). Accordingly, keeping China out of all TPP negotiations but allowing it to join after a final agreement would have been reached would have allowed the United States “to come out ahead” (Tellis 2014, 114) in terms of economic and political advantages: it could write the rules without concessions toward China and it could benefit from an enhanced market access to other signatories earlier than China. This strategy seemed to work well until Obama’s successor withdrew the United States from the accord in his first week in office.

TTIP: Tipping Point or Last Grasp?

The planned TTIP between the EU and the United States is by large the world’s biggest economic project since the founding of the WTO in 1995. It aims to integrate further what is already the largest economic partnership globally, with the two economies together accounting for over half of the world GDP in terms of value and about forty percent in terms of purchasing power: “There is no commercial artery in the world as large as the one binding the U.S. and Europe together” (Hamilton & Quinlan 2013, 18). These striking economic data underline the political relevance of the TTIP, which both partners have repeatedly highlighted as a driving rationale since the beginning of the talks. The TTIP was not only supposed to strengthen transatlantic ties but also to underscore the strength of EU-US partnership towards the rest of the world. A central phrase of this debate was coined by former Secretary of State, Hillary Clinton—remarkably as early as in 2012, even before the TTIP was officially announced. In a speech at the Brookings Institution, she is said to have envisioned a future transatlantic trade deal as an ‘economic NATO’, indicating the close interplay between economics and security policy in the TTIP (Ignatius 2012). Though other officials have hesitated to use this phrase, it has dominated the debate on the TTIP and its political rationale since then. The goal was nothing less than “turning the world’s premier security alliance into the world’s premier economic pact” (Dassù & Kupchan 2013).

After the financial crisis, the economies of the United States and the EU struggled with slow growth, low investments, and high unemployment rates. Even worse, other countries like China had suffered less and recovered faster from the crisis. Accordingly, both were in urgent need for an economic stimulus to solve domestic problems and fix geostrategic challenges. Though transatlantic partners hoped for trade benefits, “beyond all the economic advantages of the TTIP lie the hard realities of power politics” (Tellis 2014, 110). Similar to TPP, China and its hegemonic aspirations have been a driving force for the TTIP. With China challenging the existing international order, transatlantic partners considered the TTIP a vehicle for securing their leading position in global affairs (Dieter 2014). The United States and the EU hoped that a common trade deal would allow them to write the trade rules of the future. They assumed that if they were able to negotiate an FTA beyond WTO rules for such a tremendously big transatlantic market, it would be hard for any other country—including China—not to obey to the rules imposed by their accord (Tellis 2014). The negotiations, however, proved difficult and a fast conclusion was out of sight. After three years of ongoing negotiations, USTR Froman (2015) reaffirmed the geostrategic importance of the TTIP: “This century’s defining battle could be won or lost without a shot fired,”

he said and further emphasized that, “unlike past challenges to American leadership, this competition is primarily economic in nature, and victory hinges more on opening markets and raising standards than on building bombs and raising armies.” Froman unambiguously identified trade and the making of trade rules as one of the most relevant contemporary foreign policy tools to secure America’s global position. Negotiations on the TTIP, however, ran again into difficulties because negotiators were unable to compromise on issues that had been controversial subjects between the EU and the U.S. for several years. Consequently, the initial goal to conclude the talks on the TTIP under President Obama was not met. The 2016 election campaign had little interest in the TTIP; it rather focused on the already signed TPP. Neither as candidate nor as President has Trump detailed any plans on how to proceed with the TTIP. European Commissioner for Trade Cecilia Malmström (EC 2017) said that the negotiations are “firmly in the freezer at least for a while,” but hopefully resumed after the Trump administration got settled. A meeting between European Commission President Jean-Claude Juncker and Donald Trump in July 2018 also did not bring a shift in policy though the two agreed to longer-term measures which would be identified and developed in a bi-national high-level working group (Livingstone & Oroschakoff 2018).

Trump’s Rediscovery of Bilateral FTA’s

While the TTIP gained almost no public attention in the United States, the TPP became a main issue of the 2016 election campaign. The comprehensive FTA has been criticized for several reasons; labor activists feared the competition with cheap labor from countries like Vietnam, while business was sour about compromises made by the U.S. government. Against this backdrop, both candidates, Democratic nominee Hillary Clinton and Republican candidate Donald Trump came out in opposition to the TPP. Clinton just disagreed with the current state of the agreement and proposed to renegotiate whereas Trump doomed the TPP a “disaster” and “a rape of our country” (quoted in Lima 2016). Consequently, Trump delivered on his campaign promise and withdrew the U.S. from the TPP only a few days after his inauguration.

Two years into Trump’s presidency, the administrations long term trade and security strategy is still unclear. His pick for USTR, Robert Lighthizer, has shown however that Trump is planning to follow through with his campaign rhetoric since Lighthizer—a former trade-official in the Reagan administration—has also been known as free trade critic. Accordingly, the 2017 Trade Policy Agenda¹ reiterates some of Trump’s general campaign statements in regards to the linkage between trade and security. Following traditional U.S. trade policy, it states that U.S. trade policy should be designed to “strengthen our manufacturing base and our ability to defend” (USTR 2017b), among other goals. However, Trump’s 2017 Trade Policy Agenda makes unambiguously clear that the new administration intends to achieve this goal by other means than those the U.S. governments have used until now: “These goals can be best accomplished by focusing on bilateral negotiations rather than multilateral negotiations” (USTR 2017b). Trump’s turning away from multilateral

¹ The Trade Act of 1974 requires the U.S. government to submit an annual trade policy agenda, outlining its trade policy priorities for the coming year.

agreements also includes plurilateral ones like the TPP, following Trump's claims during the campaign that only in bilateral talks, the United States can enforce its interests, while pluri- and multilateral talks would demand too many concessions from U.S. negotiators, resulting in unfair treaties (Trump 2016). The most popular example is the so-called "China syndrome" (Autor et al. 2012), which describes the loss of U.S. jobs due to import competition from China after its accession to the WTO. Consequently, Trump (2017) promised another approach: America first! And for trade in particular: "Protection will lead to greater prosperity and strength." Meltzer and Solís (2017) countered immediately, emphasizing "history and economics have demonstrated repeatedly, protectionism has severe costs."

The 2017 agenda explains also that the Trump administration disfavors the strategic usage of FTAs. Such practices would foster unfair trade and harm American citizens: "Finally, we reject the notion that the United States should, for putative geopolitical advantage, turn a blind eye to unfair trade practices that disadvantage American workers, farmers, ranchers, and businesses in global markets" (USTR 2017b). Trump accusing his predecessors of selling off American interests reflects his understanding of global trade relations as a zero-sum conflict. Accordingly, he assesses trade agreements not regarding their overall economic and political contributions, but is interested in "how its benefits are distributed between countries—who's getting the biggest slice of the pie" (Gertz 2017). This approach—America first, no matter whether it hurts U.S. partners which he has repeatedly accused of free riding, is in conflict with the notion of a global liberal order facilitating international cooperation that had defined trade policy strategies of U.S. administrations since the Second World War. President Trump's withdrawal from the TPP undercuts what administrations before him have built: The support for key allies such as Japan, emerging regional partnerships with nations like Vietnam, and international "reliability of the United States across a range of foreign, economic, and security matters. The damage here in terms of lost trust will outlast the Trump administration and will be hard to rebuild" (Meltzer and Solís 2017). Hence, Trump is at risk of abolishing an international order gradually established by the United States to safeguard its political and economic interests. By withdrawing the United States from TPP, Edward Alden (2017) writes, "Trump has just unilaterally given away the biggest piece of leverage he had to deal with the biggest challenge in the world of trade, which is the increasingly troubling behavior by the world's second largest economy, China." Mireya Solís (2017) goes even further suggesting that while the original TPP was aimed to push for reforms in China, a TPP without the United States "can be a useful tool in deterring Trump's protectionist policies."

5 Politics Matter: The Evolution of the Security Rationale

This brief review of U.S. FTAs shows that since Reagan signed the first U.S. FTA in the early 1980s until Trump's recent withdrawal from TPP, U.S. governments had "linked security substantively, either explicitly or implicitly, in its trade agreements." (Aggarwal 2013a, 182) Over the years, however, the approach has changed. I will therefore continue with some summarizing thoughts on this development.

Promoting a Liberal World Order: Multi- vs. Bilateral FTAs

After the Second World War, the United States constructed a global economic order based on free-trade universalism. This general commitment to open trade is based on economic and political considerations. Free trade is expected to promote economic growth, social stability, and democracy in individual countries and to advance world prosperity, the rule of law, and peace in international relations; it is “a means not only of advancing its own economic interests but also as a key to building peaceful relations among nations” (Conte & Karr 2001). For a long time, the United States had favored multilateral agreements over FTAs because they facilitate this free-trade universalism and a liberal world order. Preferential accords, in contrast, would result in discrimination among countries and were therefore at risk of having unintended economic welfare effects and unfavorable consequences on international political stability (Schott 2004). U.S. support for multilateral trade liberalization, however, began to wane during the Uruguay Round. Its interest decreased further after a more prominent role of developing countries made the already difficult negotiating process even more complicated. Eventually, after China joined the WTO in 2001, the negotiations came to a standstill and disagreements remained unsolved (Baldwin 2012).

With the negotiations being deadlocked for years, the WTO no longer served the political interest of the United States to advance a liberal world order with an ever-increasing market. FTAs have therefore become a popular means to forge alliances among like-minded countries—with the pledge to incorporate the FTA and its provisions in the WTO framework later. Against this backdrop, President Bush and USTR Robert Zoellick have aggressively pursued a new negotiation strategy in the early 2000s, called competitive liberalization. By conducting parallel talks at the bilateral, regional, and multilateral levels they aimed at generating what they saw as a constructive process of competitive liberalization and offering channels for pursuing liberalization in case other countries would stall progress in the WTO talks (Zoellick 2002). Consequently, U.S. trade officials started to negotiate bilateral and regional free trade agreements to encourage other countries to accelerate the pace of trade reform in multilateral trade negotiations (Bergsten 1996). “Although the United States has championed free-trade universalism since its founding, its commitment to free trade was always subordinated to politics” (Tellis 2014, 114). Thus, U.S. officials would still prefer FTAs to represent only a temporary alternative as long as the multilateral trading system fails to proceed. The U.S. administrations still conceptualized their recent FTAs as endeavors that would eventually enlarge and promote the global system adhering to the idea of a universal international order. This, however, seems to have changed with President Trump.

The Up and Down of Traditional Security

All U.S. FTAs are at least partly based on traditional security considerations. They either reward allies, promote the global balance of power, or support regional security. Yet, the notion of linking FTAs with traditional security has changed over the course of the years. In the Cold War era, political and security interests trumped economic considerations. In the immediate post-Cold War era, economic interests gained in relative importance. The events of 9/11, however, “restored the

primacy of security concerns in U.S. international relations” (Schott 2004, 364). Hence, economic benefits for the United States played only a minor role in negotiating FTAs with developing countries after 9/11. FTAs were used to promote economic growth as well as the rule of law, democratic governance, and the global efforts against terrorism (Destler 2005, 299-301). Though traditional security remained an important driving force for FTAs, the rationale was slightly different for the TPP and TTIP. These two plurilateral FTAs were intended to ensure the balance of power—headed by the United States. By exploiting the global economic order created by the US, China has rapidly become an economic and political power. It has modernized its military forces and started to threaten regional and international power structures. The TPP and TTIP were therefore an attempt by the United States in its traditional guardian role to stabilize the liberal world order and its own position in this order. Geopolitics “is back at the trade table [...] not as a bulwark against a common foe, as during the Cold War, but because of shared in interest in preserving a functional international order” (Lamy 2013).

The Rise of Non-Traditional Security

After the Uruguay Round expanded the scope of negotiations, this development continued further through FTAs. Gradually, FTAs broke new topical ground and increased the reach of trade negotiations beyond the borders of countries and into domestic governance structures. Modern U.S. FTAs exhibit features that earlier FTAs did not possess. They still concern trade in goods but also include rights and obligations regarding domestic regulatory practices and other ‘behind-the-border’ measures. Former WTO Director General Pascal Lamy (2015) called it the ‘new generation of FTAs’ that deals no longer with protectionism but with precaution. The significance of this new generation of FTAs is decisive as they include provisions on subjects that are not covered by the WTO agreements at all: U.S. FTAs cover regulatory issues such as investment protection, labor standards, and protection of the environment.

These FTAs deal primarily with regulatory issues that go beyond border control and even beyond technical harmonization: They touch upon policy fields that have originally been purely domestic. This makes negotiations of FTAs even more important for foreign policy considerations. Though quantitatively out-competed by other trading powers like the EU, U.S. FTAs are a forerunner in expanding the reach of trade negotiations into such areas (USITC 2009, 80-5). Regarding the enforcement of these obligations, however, U.S. FTAs contain more binding provisions than their EU counterparts (Horn et al. 2009). With the EU and the United States together being the “regulators of the world” (Pisani-Ferry & Sapir 2007, x), their unique breadth and depth has systemic implications: their FTAs enable the U.S. to write the rules of tomorrow’s global economic order, which affect domestic politics more than ever. As a result, such FTAs touch upon questions of sovereignty on an unprecedented scale. This explains why the TTIP and TPP were not only two important economic undertakings but also two crucial foreign policy endeavors—especially in the context of a rising China.

Countering China

Responding to the challenge posed by China, the United States has adapted its trade strategy. Prior to China's rise, U.S. administrations had generally preferred multilateral to bilateral accords with other large countries like the EU and Japan. FTAs with bigger trading partners were regarded as not favorable due to two reasons: "They are either unviable (because the prospective partner is not willing to open its trade) or undesirable (because of the potential impact on the WTO)" (Schott 2004, 371). In face of China's economic and political rise and its own relative decline of power, the United States attempted to have its traditional partners like the EU and Japan on its side. The TPP and TTIP would have allowed the United States to improve its own strategic performance without inhibiting China—which is its competitor, yet also an important trading partner. The strategy to pressure China with two mega-regional FTAs was aimed to cut "the Gordian knot to enable the United States to protect its global hegemony while continuing China's integration into the liberal international order" (Tellis 2014, 116). The TPP and the TTIP were intended to provide the United States with leverage towards China, giving the challenger incentives to economic and political reforms according to the rules imposed by the signatories of the TPP and the TTIP (Meltzer & Solís 2017). The Obama administration aimed to modify the global economic order with these mega-deals to serve the political and economic imperatives of the U.S. rather than dogmas of neoclassical economics.

6 Quo Vadis, U.S. Trade Policy?

For about thirty years, the United States has used FTAs as an economic tool to accomplish geopolitical objectives. During this time, trade agreements have become more comprehensive. They encompass an increasing number of subjects, ranging from tariffs, nontariff barriers, and behind-the-border rules to non-trade issues like human rights. This expansion links trade closer to security issues and confronts trade policy increasingly with questions of sovereignty. Meanwhile, geopolitical changes have shifted relative power from the United States and its Western partners to emerging countries like China. Amid this power transition, the United States has lost its scope of influence in the WTO. Though U.S. governments had traditionally preferred a multilateral strategy, FTAs offered an appropriate alternative to the increasingly difficult decision making in the WTO. FTAs have increasingly become the dominant mode of U.S. trade liberalization.

Thereby, the U.S. trade agenda moved well beyond trade to include security considerations: Particularly the TPP and the TTIP were supposed to reinvigorate the global position of the United States and preserve a liberal world order built on American perceptions. President Trump, however, brought an abrupt end to this strategy. He seems to question several important pillars of the international order established by his predecessors. Therefore, Trump's interest in maintaining political and trade relations to bolster this system is low. While he recognizes the increased political meaning of FTAs and their effect on national sovereignty, he apprehends this development not as an opportunity for the United States but fears that other countries could exploit FTAs and compromise the United States: "Not only will the TPP undermine our economy, but it will undermine our independence." (Trump 2016) Trump's counter plan in trade and security politics

so far is America first! What this means exactly is still unclear. The main lesson we have learned in Trump's first half-term in office: You'll never know! However, it is likely that his presidency will be a caesura for U.S. trade and security policy, U.S. global leadership, and the liberal world order as we know it.

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