

EU trade with America

SIR – Kenneth Clarke (Comment, June 18) misleads your readers when he claims that only with the help of the mooted EU-US Transatlantic Trade and Investment Partnership can Britain hope to “open up” North Atlantic trade.

In reality, North Atlantic markets are already very open to the whole world: weighted average American non-agricultural tariffs are just 2 per cent, while Canada's are only 2.2 per cent. Even in the difficult economic period of 2008-12, British exports of finished manufactured goods to America increased from £16.4 billion to £21.3 billion, an annual growth rate of 5.4 per cent, whereas British exports of finished manufactured goods to the rest of the EU declined from £58.2 billion to £57.6 billion.

Huge problems will lie ahead once detailed negotiations start. The profound incompatibility between EU-style and American-style rules of origin is certain to cause major problems. Non-tariff barriers are notoriously difficult to address within the framework of free trade agreements.

Agreement at federal level will not enable either the EU or America to force their member states to open up their service markets to any greater extent than would have happened anyhow, which so far has been limited, in the case of the EU's Single Market.

Mr Clarke greatly over-hypes the potential benefits to Britain of a new trade deal between the EU and America. If it ever happens, it would be only thin icing on the already rich cake of the World Trade Organisation's multilateral trading system which, despite the stalling of the Doha round, is vastly better than anything the world has ever seen before.

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