

Seeking post-Brexit calm, Barack Obama walks back UK trade warning

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Washington: President Barack Obama is backtracking on his warning that Britain would go to the "back of the queue" for a U.S. trade deal, as he tries to contain the fallout of the U.K.'s decision to leave the European Union.

Barack Obama

The shift in tone illustrates how Britain's vote has abruptly scrambled Obama's reality. Where the president had tried to encourage the U.K. not to rashly abandon the European bloc, he now must reassure Britain that its decision to do so won't mean its demise. His priority of locking in trade deals before leaving office now becomes a distant second, behind the more urgent task of restoring confidence in the financial markets and in Europe's future.

"The Obama administration and a number of leaders in Europe as well is trying to calm the waters. At this point, there are more questions than answers," said Miriam Sapiro, Obama's former acting trade representative and now an adviser at the strategy firm Finsbury.

Obama's attempt to show support for a struggling ally casts him in the role of forceful free-trade advocate at a time when all of the major presidential candidates running to replace him are vocally opposed. Yet current and former Obama administration officials are operating under the assumption that Democrat Hillary Clinton, if elected, would come around to supporting Obama's trade deals after finding ways to reconcile specific concerns she's raised about jobs, wages and national security.

Before Britain's exit vote, or Brexit, Obama's administration was deep in negotiations toward a sweeping free trade deal with the 28-nation EU. Supporters of the Brexit had argued the U.K. wouldn't lose out on U.S. commerce because it could easily broker a one-on-one deal with the U.S. So during a visit to London in April, Obama sought to correct the record, arguing that wouldn't "happen any time soon."

Obama's warning reflected his broader belief that separate trade deals with individual countries are too laborious, given the countless regulations, laws and standards that must be aligned to create a free trade zone.

Instead, Obama has sought to broker broad deals with universal requirements, so that any country that agrees to the conditions can join. His 12-nation Trans-Pacific Partnership with Asia, awaiting ratification in Congress, is a prime example of that multi-member approach.

So it took many by surprise when, after Britain's referendum, the White House said the U.S. might still pursue a one-off deal with Britain, but it simply might take longer given the legwork that's already been done on the broader EU deal. Secretary of State John Kerry even said that Obama planned to pursue both deals "at the same time."

"He knows how to multitask," Kerry said this week.

In reality, neither is likely to happen before Obama leaves office.

Reeling from a decision many British leaders are already starting to regret, the U.K. will be too preoccupied with negotiating its EU exit to pursue complex trade talks with the U.S.

Europe, already distracted by a migrant crisis and a growing nationalist movement, is likely to remain steeped in chaos and confusion for many months. The fact that Britain technically remains in the EU until the divorce is complete further

muddies the picture.

"There's a bandwidth issue: Britain's overwhelming priority is " and has to be " renegotiating their relationship with the European union," U.S. Trade Representative Michael Froman said in an interview. "We certainly want to reassure the British that the relationship is going to remain special, that we're going to find a way to deepen our trade and investment relationship at the appropriate time, in the appropriate way."

Republican lawmakers, including House Speaker Paul Ryan, are urging Obama to start talks on a U.S.-U.K. deal right away. In addition to that option, American officials have also discussed letting Britain simply join the U.S.-EU deal at a later date despite no longer being an EU member. An out-of-the-box option being discussed is for Britain to join the Trans-Pacific Partnership, even though it's nowhere near the Pacific Ocean.

For the Obama administration, pulling back on his trade warning is just one piece of a broader attempt to alleviate concerns about a breakdown in trans-Atlantic unity that has unsettled the global financial system. White House officials have said they expect no change in Britain's partnership in NATO or in the fight against the Islamic State group, while CIA Director John Brennan insists intelligence cooperation will continue unabated.

At the same time, while German Chancellor Angela Merkel and other European power-brokers have pressured Britain to pull out sooner than later, Obama has adopted the opposite position. Meeting with other North American leaders on Wednesday, he said "everyone should catch their breath" before pursuing an orderly, measured withdrawal.

U.S. officials say it makes little sense to punish Britain by denying it a trade deal. In addition to helping stem global economic anxieties, a free-trade agreement could help Britain continue meeting its NATO pledge to devote 2 percent of GDP to military spending. And it would enable the U.K. to contribute significantly to stabilizing Afghanistan and fighting terrorism in Syria and Iraq " critical security efforts with no clear end in sight.

- AP