VI

Conclusion

The transatlantic economic relationship stands at an important juncture. Each possible path forward offers both gains and pains.

The Deep Freeze is the path of least resistance, but it is literally the road to nowhere. It is more likely to let unresolved issues fester, lead to greater contention across the Atlantic and at the WTO, disrupt key value chains, and result in a collapse of data protection arrangements. It fails to address challenges posed by Brexit and diminishes the influence of both the United States and the EU with regard to greater global competition.

The cherry-picking route could offer some quick wins, and recognizes that it may be realistic to scale back ambitions during this time of considerable transatlantic uncertainty. But this approach has no overarching goal, is likely to have only a modest impact on jobs and growth, and is unlikely to dampen transatlantic disputes over privacy, tax and other topics. Past experience has shown that progress on even low-profile issues can be difficult absent high-profile pressure and commitment. It would do little to equip either side of the Atlantic for tougher global competition, fails to address Brexit, and excludes other European and North American partners.

TTIP 2.0 remains the path offering the greatest potential economic impact for both economies, and could equip each side of the Atlantic with greater leverage with regard to global competition. But simply continuing TTIP runs headlong into significant differences in political priorities between the Trump Administration and EU governments. Unless modified, it is likely to reinforce, rather than assuage, public anxieties about the effects of transatlantic regulatory harmonization and investor-state dispute provisions. It does not address Brexit or the importance of including other North Atlantic partners beyond the United States and the European Union. Politically, the TTIP path simply may have run out of road.

The North Atlantic Marketplace would offer a reset for the transatlantic relationship by allowing the United States, the EU, and their closest North Atlantic allies and partners to move on from TTIP by negotiating a more effective partnership focused squarely on creating jobs, boosting growth, and ensuring that North Atlantic countries remain rule-makers, rather than rule-takers, in the global economy. Bilateral Jobs and Growth Agreements (JAGAs) could give countries new possibilities to address issues where they are currently stuck. Europeans are likely to have greater faith in America's security commitments if they are anchored by strong trade and investment links. A strong multi-channel transatlantic initiative could also reassure Americans that the post-Brexit UK and post-Brexit EU are committed to look outward rather than inward. A U.S.-UK JAGA offers London and Washington a means to forge ahead with a positive economic agenda without having to wait for the UK to leave the EU or to negotiate a full-blown free trade agreement, which could take years. An upgraded and expanded EU-Turkey Customs Union, paired with U.S.-Turkish and UK-Turkish JAGAs, could integrate U.S. and EU conditionality into Turkish efforts to join the North Atlantic commercial architecture.

Above all, the North Atlantic Marketplace would provide a new sense of purpose and direction for the transatlantic relationship at a time when transatlantic solidarity has been challenged. Yet given mutual inwardness and temptations for mutual recrimination, such a bold initiative may simply be too ambitious and complicated to see the light of day.

The time to choose may not yet be at hand. But it is coming soon.