



EUROPEAN UNION
DELEGATION TO THE UNITED STATES OF AMERICA

The Head of Delegation

Washington, 21 September 2012

E-NOTE DELUSW

Subject: Trade Counselors Meeting with Rod Hunter, Co-Chair, Mitt Romney Trade Policy Advisory Group, on 17 September 2012

Summary:

Rod Hunter described the proactive and bold trade agenda that would be pursued by a Romney administration, contrasting this with the trade record of the current administration. In the discussion he touched upon the issues of Trade Promotion Authority, a EU-US FTA, Romney's statements on naming China a currency manipulator, Russia PNTR and Doha.

Detail:

Hunter emphasised the importance of Trade for a Romney administration, mentioning Mitt Romney's speech at the Tampa Convention in which new trade agreements was one of the areas highlighted as part of his plan to create jobs (alongside energy independence, skills development, deficit cut and balanced budget, and helping small business).

Hunter contrasted the proactive republican agenda and the record of the current administration, noting that this had been the first administration since Roosevelt that did not request TPA; an administration that saw the dissolution of the WTO agenda and merely proceeded with TPP which was started under a Republican administration.

A Romney administration would want to pursue trade both to ensure competitive liberalisation and as a foreign policy tool, in particular by:

1) seeking trade Promotion Authority (TPA)

2) seeing if the WTO could be revived

3) pursuing bilateral and regional deals, including

- finishing TPP which is becoming more important with Canada and Mexico joining.
- seeking a EU-US FTA. Governor Romney believes it is a good idea even though a new administration would want to look at what has been discussed so far on its own merits. Tariffs are low but due to the volume of trade their elimination would still equal to a tax cut for companies and citizens. Other issues: services, investment, regulatory issues or procurement are important. However, the Romney camp is not only sensitive to the trade and economic impact of a deal but also to its geostrategic implication. This would send a

strong message to other trading partners that, although the EU and the US see the WTO as the hard core of the trading system, they can't be held back if others do not want to make progress. Asked about the extent to which a Republican administration would be willing to tackle the issue of opening public procurement with the States (in view of a rather meager outcome in recent FTAs), Hunter only indicated that the issue was about federal vs state level competence, and that any administration would face similar difficulties.

Asked for more explanations on his views on TPA, he expressed his surprise that the current administration had been able to go as far as it had in TPP negotiations without seeking TPA. In his view the administration could end up paying a price - process sometimes mattered as much as substance on the Hill. While Romney may prefer a single TPA for his whole administration, there would always be a need to find a compromise between specificity and flexibility with the Hill. There were two caveats to TPA: 1) even with specific objectives in TPA, Congress would not always get what it wants 2) even with TPA, Congress could always change its mind (as for the FTA with Columbia, when the Democrat leadership suspended the rules)

On Romney's declared intention to name China a currency manipulator "on day 1", Hunter foresaw that Romney would do is a speech indicating that designation would occur absent further progress – his statements were essentially about sending a political signal on this issue.

On the vote to grant Russia Permanent Normal Trade Relations (PNTR), the Republicans supports giving Russia PNTR but only if it also has a human rights angle. Hunter believed that the current administration had not been willing to spend political capital on this so far in order to get a vote through.

He also clarified that the idea of a 'Reagan Economic Zone' floated during the campaign was essentially about making FTAs with coalition of allies interested in deep liberalisation.

Asked about Romney's view on Doha, he expressed the view that one of the first questions for a new USTR would be to assess the current situation and what paths could be pursued in the future.

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