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**The Transatlantic Trade  
and Investment Partnership  
(TTIP)**

An Insight into its Transatlantic  
Relations and Global Context

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# **The Transatlantic Trade and Investment Partnership (TTIP)**

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## ***Introduction***

In his famous essay *Cuore Tedesco*, Italian political scientist Angelo Bolaffi claims that after the birth of today's global world we are experiencing a "pluralization of the West"<sup>1</sup>. In particular Bolaffi defines two moments that have contributed to distancing Europe from the United States, paving the way to what Alberto Martinelli calls "two variants of Western modernity"<sup>2</sup>. The first moment was the reunification between the German Democratic Republic and the Federal Republic of Germany in 1990. German reunification ended "the long road West", according to the definition given by Heinrich August Winkler<sup>3</sup>. The second moment was the second Gulf War and the invasion of Iraq in 2003, when Germany, together with France, for the first time strongly opposed the old ally. Revealing a rift

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- 1 Bolaffi, Angelo, *Cuore Tedesco: Il Modello Germania, L'Italia e La Crisi Europea*, Roma: Donzelli, 2013.
- 2 Martinelli, Alberto, *Transatlantic Divide: Comparing American and European Society*, Oxford/New York: Oxford University Press, 2007.
- 3 Winkler, Heinrich August, *Der lange Weg nach Westen*, München: Beck, 2000. *Germany. The Long Road West*, (ed. by Alexander Sager), Oxford/New York: Oxford University Press, 2007.

in the transatlantic relations, which inspired German philosopher Jürgen Habermas to talk about the “divided West”<sup>4</sup>. Many analysts believe that this was not the culmination, but rather the initiation of a profound crisis in the relationship between the United States of America and the European Union and that this situation is now destined to last. However, after almost a decade of remarked skepticism, in which the concept of “division” has been the stronger trend than “cohesion”, European Union and United States decided to finally launch in 2013 the official negotiations for the most important free trade agreement, in economic and geopolitical terms in the history of both, namely the Transatlantic Trade and Investment Partnership (TTIP).

The aim of this paper is to take stock of the ongoing discussion and to understand whether TTIP could represent the common ground for a new *Transatlanticism*, or, to say it in van Ham’s words, for a “Renaissance of Transatlantic Relations”<sup>5</sup>. Will TTIP be the conciliation or the breaking point of the West? In other words, could TTIP potentially reconnect the two sides of the Atlantic by restoring the old partnership? This paper will finally try to give answers to these questions, in order to shed a bit more light on what has apparently turned into the “Decadence of Transatlanticism”. Notwithstanding the fact that the European Union and the United States are the main actors in the field, one cannot avoid taking into account the global context shaping TTIP. For this reason, this paper will grasp the *ratio* that lies behind the agreement vis-à-vis the rest of the world.

How could TTIP be affected by the global context? Why today there is a need for the “old West” to mutually bind its economies by means of a free trade area? This paper will work on three different critical levels of analysis. The first part will survey the main matters of dispute within TTIP, focusing in particular on structural and cultural conflicts that make

4 Habermas, Jürgen (translated by Ciaran Cronin), *The Divided West*. New Jersey: Wiley, 2006.

5 See van Ham, Peter, *TTIP and the Renaissance of Transatlanticism*, Clingendael Report, The Hague: Clingendael Institute, 2014. Online at: [www.clingendael.nl/sites/default/files/TIPP%20%20Peter%20van%20Ham.pdf](http://www.clingendael.nl/sites/default/files/TIPP%20%20Peter%20van%20Ham.pdf).

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compromises so hard to make. The second part will frame TTIP in the transatlantic context, with specific attention given to the consequences for the transatlantic relations. Finally, the third part will focus on the geopolitical significance TTIP carries worldwide, especially concerning the US strategic position towards the rest of the world. The aim of this paper is not to give definite answers, but rather to pose some questions that could trigger further investigation.

### **1. *Agreements and Disagreements: debating on what?***

Free trade agreements are very complicated, which is often forgotten since TTIP is in the public domain. A good part of harshest criticism tends to consider TTIP just a matter of paperwork, without contemplating the enormous amount of technical work dozens of advisory groups are conducting on a daily basis. As a consequence, any discussion regarding specific issues related to TTIP should be detailed and competent, rather than general and groundless. In order to understand the different approaches between Europe and the United States to regulation, some practical examples will be described, together with the specific research on a possible economic outlook. One of the most systematic and consistent works regarding TTIP's effects is "TTIP and Fifty States: Jobs and Growth from Coast to Coast"<sup>6</sup>, jointly published by the Bertelsmann Foundation and the Atlantic Council in 2013. By considering the single economic structure of different American states, the study differentiates TTIP's consequences on a geographical basis, proposing a distinction that would be even more valid on European soil. EU Member States are in fact less economic and far less politically integrated than US States, which means that European countries will not be symmetrically affected.

Interestingly enough the most relevant matters of dispute among European and American regulators have been barely discussed in the media. On the

6 Barker, Tyson/Collett, Anne/Workman, Garrett, "TTIP and Fifty States: Jobs and Growth from Coast to Coast", Report, Washington: Bertelsmann Foundation/Atlantic Council/British Embassy, 2013. Online at: [www.atlanticcouncil.org/images/publications/TTIP\\_and\\_the\\_50\\_States\\_WEB.pdf](http://www.atlanticcouncil.org/images/publications/TTIP_and_the_50_States_WEB.pdf).

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contrary a lot of public debate arose around topics, either marginal or even completely out of TTIP's mandate, as it has happened with GMO agreements. Which are the hot topics of TTIP? According to Workman and Smith, two key topics stakeholder issues, declared to be the most difficult ones. Namely the process by which regulations are established and implemented, plus the convergence for common standards in manufactured goods. The second cause of concern includes the sanitary and phytosanitary sector (SPS), sanitary and phytosanitary measures, financial service regulation, data protection and privacy. But what has kept the bloggers and journalists so busy? Namely national origin content quotas, audio-visuals sector (A/V), environmental and labor standards are considered with the lowest rate of importance. For that reason Tyson and Workman affirm that TTIP is "ambitious but achievable"<sup>7</sup>.

As already mentioned, almost the whole agreement is about Non-Tariff Barriers (NTBs), as Tariff Barriers (TBs) between the European Union and the United States are already rather low. In fact there is no actor involved that considers TBs to really be a problem, apart from the discussion around energy export in the United States, especially after the widespread shale gas and hydrofracking. Of relevant concern is the establishment of common principles regarding public companies and subsidies, in particular towards third countries like China, representing a crucial investor in both the EU and the US market.

As far as foreign investments are concerned, one of the thorniest issues is the legal procedure for conflict resolution between home and host countries. The disagreement in many EU Member States concerns the Investor-State Dispute Settlement (ISDS), a juridical instrument to protect investment on foreign soil by entrusting a dispute between the State and the company to arbitrary external courts. For many countries such a measure represents an opportunity to foster foreign investments and give more guarantees. Others assert that, based on important international cases like

7 See Barker, Tyson/Workmann, Garrett, "The Transatlantic Trade and Investment Partnership: Ambitious but Achievable", Report, Washington: Atlantic Council, 2013. Online at: [www.atlanticcouncil.org/images/publications/ttip\\_ambitious\\_achievable.pdf](http://www.atlanticcouncil.org/images/publications/ttip_ambitious_achievable.pdf).

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Philip Morris vs. Uruguay<sup>8</sup> or Vattenfall vs. Germany<sup>9</sup>, ISDS could be “a way to get multinational companies gets rich at the expense of ordinary people”<sup>10</sup>. The European Parliament strongly opposes the question of ISDS and, along with the Lange Report,<sup>11</sup> proposed some solutions to overcome the conflict by setting more accountable and legitimate external courts<sup>12</sup>. However, a consistent number of members of the European Parliament from different groups have officially declared in the end European Parliament will demand ISDS to be excluded from the negotiation.

It was curious how the Investor-State Dispute Settlement (ISDS) attracted so much public attention, considering that foreign investment regulation is not a novelty, meaning that every country has always had regulations and guarantees with respect to foreign investments. Furthermore investment-state resolution is an issue normally discussed on a governmental level, which has never been of any public interest. As soon as it was discussed on at European level, ISDS begun to pop-up in the news, pretending that guarantees towards foreign investors came out of the blue. A different story regards the truly difficult debate on privacy and data protection, which especially after the National Security Agency (NSA) scandal and the consequent rise of suspicion in Europe towards the United States of

8 See Armitage, Jim, “Big Tobacco puts countries on trial as concerns over TTIP deals mount”, London: Independent, 2014. Online at: [www.independent.co.uk/news/business/analysis-and-features/big-tobacco-puts-countries-on-trial-as-concerns-over-ttip-deals-mount-9807478.html](http://www.independent.co.uk/news/business/analysis-and-features/big-tobacco-puts-countries-on-trial-as-concerns-over-ttip-deals-mount-9807478.html).

9 See “Vattenfall vs. Germany. Nuclear Phase-Out Faces Billion-Euro Lawsuit”, Hamburg: Spiegel online, 2011. Online at: [www.spiegel.de/international/germany/vattenfall-vs-germany-nuclear-phase-out-faces-billion-euro-lawsuit-a-795466.html](http://www.spiegel.de/international/germany/vattenfall-vs-germany-nuclear-phase-out-faces-billion-euro-lawsuit-a-795466.html).

10 See “The Arbitration Game”, London: The Economist, 2014. Online at: [www.economist.com/news/finance-and-economics/21623756-governments-are-sourcing-treaties-protect-foreign-investors-arbitration](http://www.economist.com/news/finance-and-economics/21623756-governments-are-sourcing-treaties-protect-foreign-investors-arbitration).

11 Lange, Bernd, Report containing the European Parliament’s recommendation to the European Commission on the negotiations for the Transatlantic Trade and Investment Partnership (TTIP) , Brussels: European Parliament, 2015. Online at: [www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2015-0175+0+DOC+XML+V0//EN](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A8-2015-0175+0+DOC+XML+V0//EN).

12 See Crisp, James, “European Parliament committee signals opposition to ISDS”, EurActiv.com, 2015. Online at: [www.euractiv.com/sections/trade-society/european-parliament-committee-signals-opposition-isds-311189](http://www.euractiv.com/sections/trade-society/european-parliament-committee-signals-opposition-isds-311189).

America became an outright breaking point. To put it in the words of Workman and Smith, these issues have the potential to “derail negotiations if not handled effectively”<sup>13</sup>.

However, despite diverse opinions on various topics, TTIP has shown two different cultural and political traditions of governance; namely opposite approaches as far as regulation is concerned. American approaches on the one side are based on *ex-post* resolutions or, in other words, “just do it”. On the other side, the European method is all about regulating *ex-ante*, which is sometimes visible in Sector Specific Regulation (SSR) of energy, telecommunications, transports, etc. This diversity is something transatlantic relations have been experiencing for years, ultimately with respect to the agenda for a climate change or for shale gas extraction. The United States is not likely to admit negative effects without evident scientific proof, whereas the European Union tends to take on “precautionary principles”, being cautious and diffident<sup>14</sup>. For this reason, on the one hand it is true that numbers and facts count, but on the other hand the different cultural perspectives also count in the same way, playing a crucial role in solving problems and the resolution of conflicts.

## **2. TTIP and Transatlantic Relations**

On both sides of the Atlantic the political conditions turned to be adverse for negotiating TTIP within the time schedule, which had originally been before the end of Obama’s second mandate. The European Union is still dealing with economic and political instability which will be complicated to solve. Economic depression, although geographically delimited, is still there and solid growth is not a reality yet. For this reason, TTIP was expected to be the trigger for economic upturn as well as a measure to encourage Small and Medium Sized Enterprises (SMEs) import and export with the United States. However, after the upheaval of Euroscepticism in the aftermath of the European Parliament elections of 2014, TTIP became rich soil for populist propaganda by new European nationalism from both

13 See Barker/Workmann, op. cit., p. 5.

14 See van Ham, op. cit., p. 8.



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right and left political groups. Conservative parties in many European countries, traditionally in favor of free trade, became reluctant to anything that could boost competition to national products, thus assuming a protectionist attitude. After the NSA scandal, which deeply affected German-US relations, British Prime Minister David Cameron found himself isolated in his campaign in support of TTIP<sup>15</sup> and even though Italian Prime Minister Matteo Renzi went on record regarding the necessity to close the negotiations as soon as possible, most of his party remains very skeptical.

The crisis that broke out in the Mediterranean when thousands of immigrants were landing on European soil did not help the American reputation within Europe. The United States, together with France and the United Kingdom, is considered by many as the instigator of North African conflicts. Especially as far as Libya is concerned, with a massive outflow of migrants, Obama's strategy "leading from behind" appears almost everywhere in Europe detrimental and little forward-looking. In other words, Europe often has the impression of bearing alone the consequences of common decisions. This political dynamic fits perfectly into the political tradition of European countries both towards EU institutions and the United States, where the responsibility of inaction is shifted to third parties in order to conceal the capability of finding common positions. On the European side, it is therefore crucial to frame TTIP politically, especially if one takes into account that the European Parliament has the power to ratify or not the final agreement<sup>16</sup>.

On the side of the United States the overall political context is also rather complex. Despite the incisive measures taken by Obama to overcome the financial crisis, the Democrats lost the mid-term elections in 2014 and the

15 "Who's government working for? Cameron backing TTIP at G20 slammed by campaigners", Berlin: RT news online, 2014. Online at: [www.rt.com/uk/206191-ttip-g20-cameron-growth/](http://www.rt.com/uk/206191-ttip-g20-cameron-growth/).

16 "The European Parliament and the TTIP", Brussels: European Parliament, February 2015. Online at: [www.europarl.europa.eu/news/en/news-room/content/20150224BKG25024/html/The-European-Parliament-and-the-TTIP](http://www.europarl.europa.eu/news/en/news-room/content/20150224BKG25024/html/The-European-Parliament-and-the-TTIP).

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President became a “lame duck”<sup>17</sup>. Interestingly enough, consistent parts of the Republican Party (GOP) is unwilling to support the liberalization of international trade, supporting Obama’s decisions only when the aim is to isolate the US from the rest of the world. Moreover, the Congress made Obama’s life even harder in putting back the approval of the Trade Promotion Authority (TPA), so-called “fast track”. In substance, the bill on TPA makes it easier for the American President to negotiate an international deal, by giving the US Congress power only to vote up or down the agreement, with no say during the building process. The request on the consent for this mechanism has been on the table for months, to such an extent that many US analysts started to believe that a compromise would never be found. In June 2015, after clamorous rejections in the months before, TPA passed the US Senate with unexpected collaboration with the Republicans and Obama has been finally empowered with exclusive authority on issues related to international trade<sup>18</sup>.

At this point in time, although TPA was approved, TTIP’s obstacles in the United States are not over yet, since all the actors involved agree that the already mentioned TPP has the priority on the agenda. After all, negotiation on TPP is far more advanced than TTIP, either because round tables met less obstructionism, or because negotiation on TTP was officially opened in 2008, which makes TPP some years older than TTIP. Together with strategic interests, timing is in fact a crucial variable as far as trade agreements are concerned. For example, if one refers to the freshly negotiated CETA, that is the EU-Canada treaty on free trade as well as the largest bilateral initiative since NAFTA, it took six years of intensive negotiation<sup>19</sup>. Even though TTIP was not launched out of the blue, the deadline set by the end of 2015, which means only two years from

17 The losses of mid-term elections normally force American presidents to redefine the strategic for the second part of the mandate. Obama did the same. Collinson, Stephen, “Obama redefines the lame duck presidency”, Washington: White House, March 2015. Online at: [www.edition.cnn.com/2015/03/17/politics/obama-politics-white-house/](http://www.edition.cnn.com/2015/03/17/politics/obama-politics-white-house/).

18 “Fast-track’ trade bill passes US Senate and awaits Obama nod”, London: BBC News, June 2015. Online at: see [www.bbc.com/news/world-us-canada-33265241](http://www.bbc.com/news/world-us-canada-33265241).

19 For more information regarding CETA, which was launched on 6th March 2009 and signed in 2015 see [www.ec.europa.eu/trade/policy/in-focus/ceta/](http://www.ec.europa.eu/trade/policy/in-focus/ceta/).

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Obama's opening speech, was probably very optimistic and did not take into account unexpected events that could have slowed down the whole process. Additionally, every sort of negotiation or compromise with the US, in particular for the EU, includes key factors that go beyond a single event. For this reason, considering the *status-quo*, TTIP will unlikely be negotiated and first signed within Obama's presidency.

In which sense could transatlantic relations benefit from TTIP? According to Alessandro Maran, TTIP has the potential to make "one strength out of two weaknesses"<sup>20</sup>. Maran starts from the assumption that the United States has become what Mandelbaum defined a "frugal superpower"<sup>21</sup>, meaning that the US is not militarily and economically capable of leading world order any more. Therefore, it is now time for the US to find a reliable ally that could complement American weakness with sufficient economic and military power. As Robert Kagan<sup>22</sup> claims, US fragility does not derive from a domestic decline, but rather from a general sense of weariness in the American people to carry the burden of leading. In fact, the US is looking today for a role closer to domestic need and further from foreign antipathy, especially the one coming from its allies.<sup>23</sup> TTIP could represent in this sense the trigger either for further economic cooperation overseas, or for further integration domestically, in particular within EU Member States.

By creating a favorable economic area, TTIP would shrink the risk of unfair competition with developing countries, safeguarding at the same time European and American interests<sup>24</sup>. American and European companies would be more keen on pushing governments to find common standards, in order to jointly face global markets and deal with new and unexpected competitors. Concerning internal integration, the EU in

20 See Maran, Alessandro, "TTIP: se due debolezze fanno una forza", Roma: Limes, August 2014 p. 211-216.

21 See Mandelbaum, Michael, *The Frugal Superpower: America's Global Leadership in a Cash-strapped Era*, New York: PublicAffairs, 2010.

22 Kagan, Robert, "Power and Weakness", 2015. Online at: [www.users.clas.ufl.edu/zselden/course%20readings/rkagan.pdf](http://www.users.clas.ufl.edu/zselden/course%20readings/rkagan.pdf).

23 See Kagan, Robert, *Of Paradise and Power: America and Europe in the New World Order*, New York: Knopf, 2003.

24 See Maran, op. cit., p. 215.

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particular would undergo external pressure that could in turn foster compromises among EU Member States, shifting competencies and decisions up to the EU institutional level. One could refer for instance to common decisions on the EU level regarding investment or industrial sector, which at the very end would mean more political collaboration. The more optimistic observers even believe that the process will influence not only EU economic sphere, but other sectors as well, and ultimately Foreign Policy and Defense.

These forecasts may contain some speculation, but history has shown that EU integration has been often a process of internal responses to external impulses and TTIP could be in this sense the external factor to loosen the ongoing impasse in the transatlantic relations. Due to the geopolitical reluctance of the EU, it is a fact that the US has recently turned to third countries to find solid strategic partners the US could rely upon. Yet, stronger transatlantic relations are very desirable when it comes to sustainable growth, with the EU being the forerunner of important issues such as green economy or climate change. In other words, the EU has specific targets in important subjects as well as high standard requests, which are constantly discussed in international headquarters. There is no possibility to transmit these concepts on a global level either alone, or without a partner capable of driving economic development. Someone calls it the “civilization of globalization” and the EU and the US are today the only two actors with sufficient economic and knowledge capital able to give precise directions that could guarantee sustainability both towards the people and towards the planet. For this reason, TTIP could be indeed the first tile of a bigger mosaic made of common values.

### **3. *TTIP and the rest of the world***

There is a concept that constantly appears in literature, namely sphere of influence (SOI). Back in the 19th Century, when the concept was coined in the wake of the Monroe Doctrine, it had a precise meaning associated with hard power. In the 20<sup>th</sup> Century, especially during the Cold War, SOI was then combined with soft power as well, meaning that the influence did not only imply military and economic means, but also cultural ones. However, in the 1990s and at the beginning of 2000s, US was still engaged in tests of strength, which saw the US superpower committing frontline troops to three wars in less than fifteen years. Afterwards something radically changed in the very concept of SOI for two reasons. In the first place, the EU consolidated into a Single Market, which has been the only incisive EU diplomatic instrument to exercise influence on the global level. European countries were in fact reluctant not only to give up competencies with respect to foreign policy, but also they have been inclined to invest less money in the military sector and defense. Statistically, the majority of European citizens have always taken a position against any military intervention and the EU is anything but a significant global military power. It goes without saying that in the globalized world, if market is the instrument for building SOIs, trade is the connector that could foster relations with third countries. This is also one of the reasons that brought the EU to adopt a multilateral approach vis-à-vis the rest of the world, in order to benefit from the geographical diversification of free trade areas.

The second reason that changed the features of the concept of SOI is Obama's resolution to find a new geopolitical role for the US that several scholars define as "new isolationism". This means that the US is not inclined anymore to exercise its influence by leading conflicts in the front line, but rather from behind<sup>25</sup>, supporting allies with the intelligence and the use of drones. Obama came to the conclusion that intervening directly

25 For more information on Obama's strategy "leading from behind" see Calderone, Michael, "The New Yorker Revisits 'Leading From Behind': Evolution Of A Blind Quoteat", New York: Huffington Post, 2011. Online at: [www.huffingtonpost.com/2011/08/29/the-new-yorker-obama-leading-from-behind\\_n\\_940482.html](http://www.huffingtonpost.com/2011/08/29/the-new-yorker-obama-leading-from-behind_n_940482.html).

like in Iraq or Afghanistan brought about lose-lose solutions, together with widespread mistrust towards United States. Nevertheless, President Obama is not pulling back at all the will for the US to keep the leading role, as “pivot to China”<sup>26</sup> doctrine clearly showed.

While giving notice to the Select Committee on the European Union during a session of the UK House of Lords on the effects of TTIP and TPP on world trade, Richard Baldwin said that “the US is driven by a variety of goals, but to a large extent its aim is to get China to stand up and play a leadership role in the WTO”<sup>27</sup>. In other words, in the light of a strong disagreement with India and China, TTIP could foster further dialogue, forcing China to reassess its position at the negotiating table again. Also former EU Trade Commissioner Karel De Gucht officially stated in April 2014 that “if we do a deal between the two largest economies in the world, it would set an important precedent for future global work”<sup>28</sup>. As van Ham assumes, TTIP could be the last chance for the EU and the US to play the leading role in setting the rules for a new multilateral global trade order, recovering the lost middle ground and reallocating the transatlantic West at world trade’s structural core<sup>29</sup>. One can thus deduce that what has changed is the means to fulfill SOIs, but the intent of superpowers to catch up the first position remains exactly the same as it was hundred years ago. Whether global finance and trade could be real substitutes to military forces it is too early to say and it will be history’s task to determine.

In order to grasp an idea on TTIP’s potential implications in the global context, one may also have a look at the possible side-effects, which especially in Germany have been fully analyzed. Whereas there are

26 For more information regarding Obama’s strategy “Pivot to China”, which today many analysts call rather “pivot to Asia” see “The Obama Administration’s Pivot to Asia”, Washington: The Foreign Policy Initiative. Online at: [www.foreignpolicyi.org/content/obama-administrations-pivot-asia](http://www.foreignpolicyi.org/content/obama-administrations-pivot-asia).

27 Baldwin, Richard, “Transatlantic Trade and Investment Partnership”, Interview, London: House of Lords, January 2014. Online at: [www.parliament.uk/documents/lords-committees/eu-sub-com-c/TTIP/ucEUC230113ev18.pdf](http://www.parliament.uk/documents/lords-committees/eu-sub-com-c/TTIP/ucEUC230113ev18.pdf).

28 De Gucht, Karel, “The Future of TTIP – The Benefits and How to Achieve Them”, Brussels: European Commission, April 2014. Online at: [www.europa.eu/rapid/press-release\\_SPEECH-14-314\\_en.htm?locale=FR](http://www.europa.eu/rapid/press-release_SPEECH-14-314_en.htm?locale=FR).

29 See van Ham, op. cit., p. 20.

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scholars asserting that TTIP could be the glue for a “wider Atlantic” and consequently for the rest of the world<sup>30</sup>, others maintain that TTIP will turn out to be exactly the opposite, namely the breaking point between the West and the East. By outlining how TTIP will possibly increase the difference in terms of income distribution around the world, recent research conducted by the Bertelsmann Foundation gave proof of a negative scenario<sup>31</sup>. According to Bertelsmann’s analysts, African countries will be overall affected by a decrease in the real pro capital income, with West Africa showing remarkably negative effects. In the same way, TTIP could be detrimental both for South America and South-East Asia, as well as for China, India and more importantly for Russia, which represents a crucial actor for balancing the old continent.

This picture paves the way for a broader debate on the relationships between the European Union and third countries around the globe. The outbreak of the Ukraine crisis has changed the world. Since 1989 Europe has tried to rebuild relations with Russia mainly by means of energetic and financial interdependence. After 25 years, blotting out these efforts, the risk is to go back to the 20<sup>th</sup> Century global system based on block powers, which brought two warm wars and one “cool” war in 75 years<sup>32</sup>. In other words, the risk TTIP runs is to repolarize the international scenario in Eastern and Western blocks, vanishing EU’s efforts of building multilateral strategies grounded on trustworthy partnerships. Then again, what emerges here is the structural diversity between European Union and United States as far as global politics is concerned. On the one hand, by defining who are friends and who are enemies, US has always endorsed bilateral cooperation, preferring few but solid alliances. On the other hand, EU has

30 See Alcaro, Riccardo/Alessandri, Emiliano, *A Deeper and Wider Atlantic*, Paper, Rom: Ministero degli Affari Esteri/Istituto Affari Internazionali, February 2013, p. 23. Online at: [www.gmfus.org/file/2889/download](http://www.gmfus.org/file/2889/download).

31 Felbermayer, Gabriel/Heid, Benedikt/Lehwald, Sybille, *Transatlantic Trade and Investment Partnership (TTIP)*, Working paper, Gütersloh: Bertelsmann Foundation, 2013. Online at: [www.bfna.org/sites/default/files/TTIP-GED%20study%2017June%202013.pdf](http://www.bfna.org/sites/default/files/TTIP-GED%20study%2017June%202013.pdf).

32 See Maran, op. cit., p. 215.

always drifted multilaterally, carrying on simultaneous talks, some of which have inevitably turned out to be lacking in stability.

Therefore, if TTIP will be adopted in the form of an open and transparent FTA for every country, multilateral relations could rise from its own ashes even stronger than before and “regionalism may rekindle multilateralism”<sup>33</sup>. This would mean that TTIP will assume more European geopolitical attitudes, which has always favored multilateral dialogues rather than bipolar ones. If TTIP will tend towards the American approach, thus endorsing bipolarity, such influence could hold back the present situation, re-proposing again a dual world. In this case, American bilateralism could eventually bring stronger transatlantic relations but weaker global relations, while European multilateralism could bring an opposite result, namely weaker transatlantic relations but stronger global relations. In this sense, Richard Baldwin is probably right, when he states that “TTIP will never happen unless the heads of the state get involved and view it more as a ‘foreign policy thing than as an economic thing’”<sup>34</sup>.

## **Conclusion**

“Will Europe lead the 21st Century?”<sup>35</sup> Will the 21st Century still be an “American Century”?<sup>36</sup> Will China be a superpower able to shape the new world order? At this point in time, it is impossible to find definite answers, as we still live in a phase of profound transformation. Nevertheless, by looking at TTIP from different perspectives, one may notice that the agreement contains important elements which are helpful to shine some light on the general confusion. This paper examined in the first place the matters of dispute the EU and the US are facing in the TTIP negotiation process. Secondly, the analysis opened up the discussion to two upper levels, namely the consequences TTIP could have on the transatlantic relations and the effects of TTIP vis-à-vis the rest of world. One may

33 See van Ham, op. cit., p. 11.

34 Baldwin, House of Lords, op. cit.

35 See Leonard, Mark, *Why Europe Will Run the 21st Century*, London: Fourth Estate, 2005.

36 See Testi, Arnaldo, *Il secolo degli Stati Uniti*, Bologna: Mulino Editore, 2008.



## The Transatlantic Trade and Investment Partnership (TTIP)

observe that the dynamics behind TTIP reflect the structural differences between the European Union and the United States that Martinelli compared in his work. Above all, profound diverse approaches, as far as regulation is concerned, finally came to surface, in particular in terms of *ex-ante* and *ex-post* regulation. *Ex-ante* regulation is in fact quintessential for the inner working of the EU in the field of Competition Law, while strong *ex-post* regulation is probably what distinguishes the United States from the rest of the world. However, there are already examples in the EU that show how compromises among the two models are possible and that there is no specific reason to believe that common standards cannot be found on a transatlantic level.

Despite disagreements on specific topics, transatlantic relations are at a turning point, which requires the two partners to choose either to proceed alone accepting reciprocal weaknesses, or to move forward together, making “one strength out of two weaknesses”, as pointed out by Maran<sup>37</sup>. Furthermore, the European Union and the United States need to decide whether to take responsibility for the mistakes committed in the past, thus putting together a solid leadership with the aim of promoting sustainable growth on a global level. This position would mean to openly collaborate with China in the first place, in order to find common guidelines based on long-term strategies. The collaborative design corresponds exactly to the concept of mutual cooperation Robert Gilpin was talking about at the beginning of the 2000s, which the economist considered priority number one. TTIP represents the *momentum*, or better, the occasion for the European Union and the United States to decide the direction to take.

To draw some conclusions, if the question is whether TTIP could reconnect the Atlantic, the answer is probably yes. World governance in fact cannot take the liberty anymore to overlook the assumption that every country, while growing economically, needs at the same time to promote ambitious social and environmental policies. However, it is clear that today there is no single country able to set high standards alone, as the political trade-off is not worth it. For this reason, one may desire that a group of countries,

37 See Maran, op. cit., p. 211-216.

## Matteo Scotto

bound together by common interests, take the lead by sharing unavoidable risks. The European Union and the United States of America together, thanks to their economic and knowledge capital, have the capability of being the locomotive of world development. What they need is a starting point that could stabilize cooperation by setting credible and accountable institutions. Potentially, TTIP could represent this starting point, as it would create not only common standards, but it would also harmonize the processes by which common standards are established and regulated. In the end, European and American economies would follow common paths and would aim at common goals.

The second answer to the question on whether or not TTIP could draw the rest of the world closer through *Transatlanticism* is yes, if, and only if, the EU and the US start to design common standards cooperatively. As China and the rest of the world would have no alternative but being collaborative regarding mutual solutions. After all, in order to be followed one has to lead and this is exactly the idea behind the creation of a comprehensive free trade area between the EU and the US. There are two risks, detrimental and preventable at the same time. The first is the willingness of the leaders to set a responsible agenda, meaning that it is not taken for granted that TTIP will be at the end a fully fair and transparent agreement. The second risk concerns always the willingness of the leaders, this time to design a global governance, inclusive and accountable, based on open consultations and shared information. Only in this way could cooperation be fulfilled, the actors could be equally involved and a tangible vision for the future could be finally grasped.







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