

Trade, TTIP and Transatlantic Perceptions

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TTIP: Prospects and Challenges - Florida International University

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Introduction

- TTIP:
 - Growth/Jobs
 - Global Standards/Geopolitics – strategic balance vs emerging powers
- *Dilemma: translating technocratic and complex trade deals taking place behind closed-doors into a comprehensible and accurate argument for the public opinion*
 - Translating complex trade agreements like TTIP at national level is a real challenge
- This presentation does not track popular/domestic pressures on TTIP negotiations...
- ... But look at **preferences and perceptions** of actors indirectly involved in the making of TTIP
- Since Seattle – international trade policies have become highly politicized, but TTIP has received unprecedented attention



Debate on TTIP and Literature on International Trade



Debate on TTIP in a Nutshell

Advocates

- Arguments in favor TTIP:
 - Will make EU and US richer with contribution to growth and jobs
 - Will allow EU and US to set up global standards for global economy
 - Will create a transatlantic market
- Actors:
 - Governments and EU
 - Lobby groups & corporations
- Weaknesses:
 - Cannot frame a compelling argument about the true positives
 - Cannot explain/convince how TTIP will increase significantly the transatlantic economies

Critics

- Arguments against TTIP:
 - Will serve large MNCs
 - Will leave workers worth-off
 - Will have negative impacts on the environment, health, food and security policies – consumer safety
 - Will undermine national sovereignty and national law, ultimately accountability (i.e. ISDS mechanism)
- Actors:
 - Governments (i.e. national parliaments) and politicians
 - NGOs and civil society (i.e. S2B)
- Weaknesses:
 - Too negative argument



Academic Debate on Trade

Economic Growth

- Imports = jobs destruction? (Irwin 2002)
 - Not always the case – depend on the sector
 - Question is about the ‘net’ effect on employment
- Losers & Winners/Haves & Have-nots
 - Recent trends of globalization demonstrate a + for economic equalities & reduction of poverty (Dollar & Kraay 2002)
 - Pb: looking inside developed countries?
 - In US: btw 1973 and 95, gap in wages paid to skilled workers and unskilled workers rose by 18 pp (Frankel)

Governance and Sovereignty

- Is globalization weakening the nation-state?
 - Ability for national govts to set policies autonomously
- Dilemma: Markets are organized globally & Politics are principally aligned on national priorities
 - On question of environment & int’l trade: does trade liberalization lead to ‘race to the bottom’? And ultimately undermine national standards?

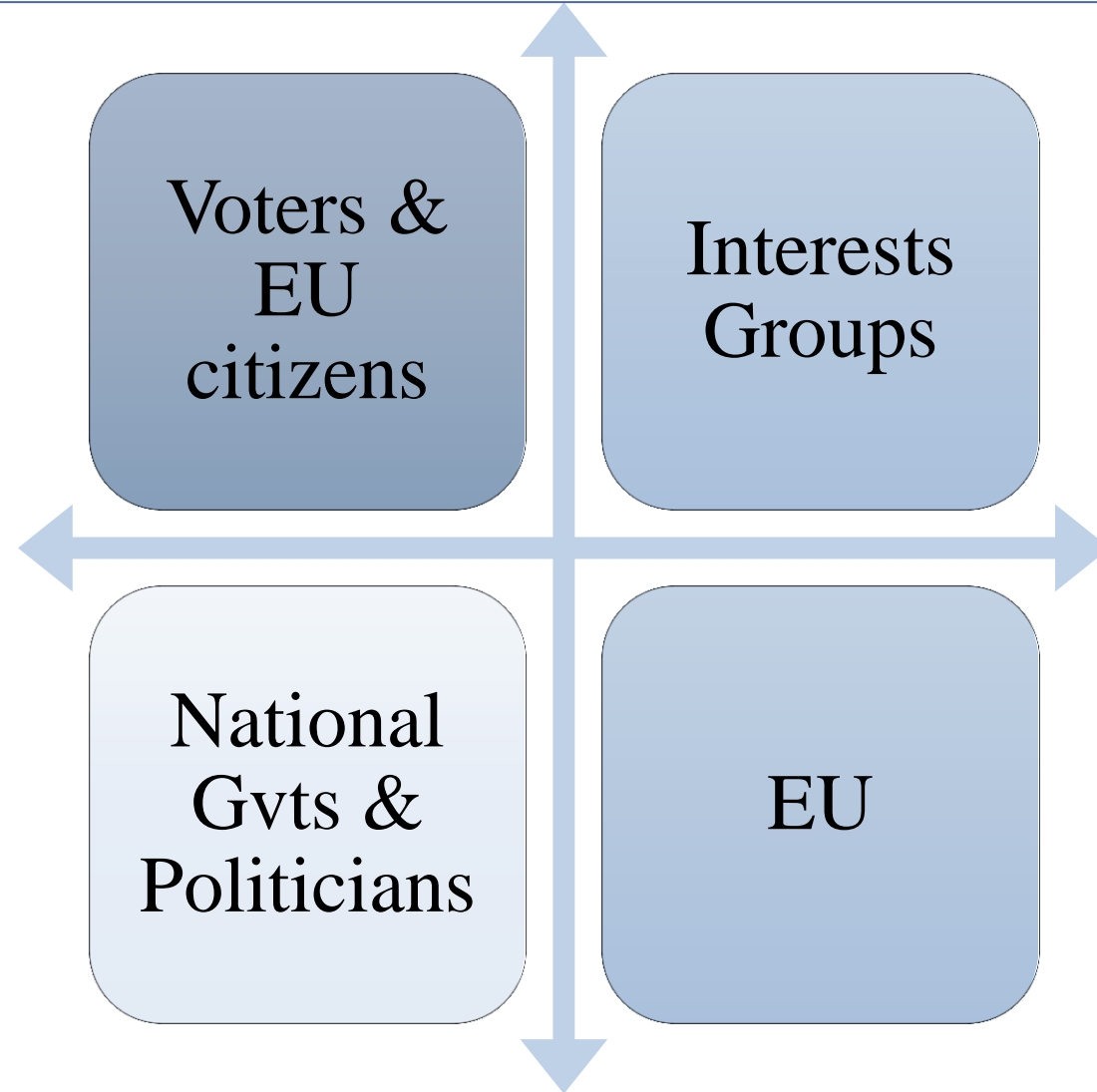


Preferences in International Trade Policies

- 1) Difficult to predict in terms of their preferences
- 2) A less informed public on complex economic policies tend to be more receptive to negative messages (Eliasson)

Preferences can be shaped by a series of factors

- Party lines and ideologies
- Pressure from voters and interest groups



- Rational players with position defined by profits of the given sector – technocratic club
- Civil society - highly politicized (since Seattle – S2B)

- Commission – negotiator of the trade agreement – position of defense of single market and interests of the Union
- Regulatory and normative power (Vogel)



Views and Perceptions on TTIP and Trade in the EU-28 and US

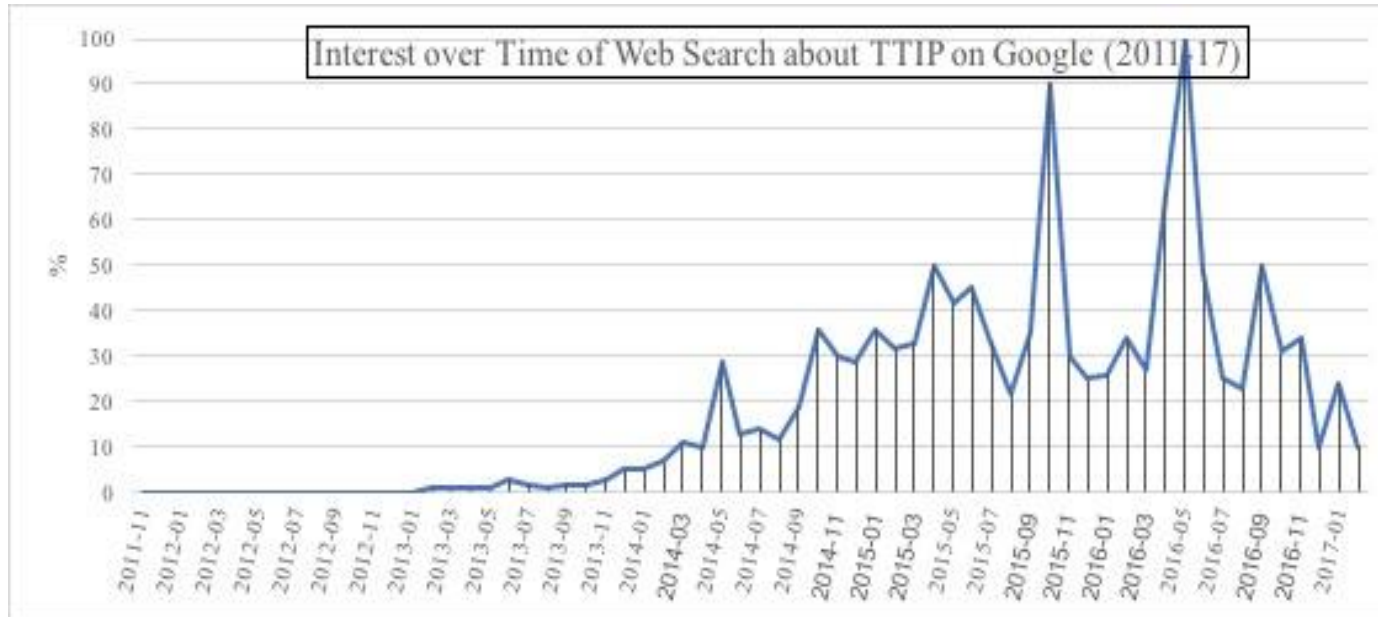




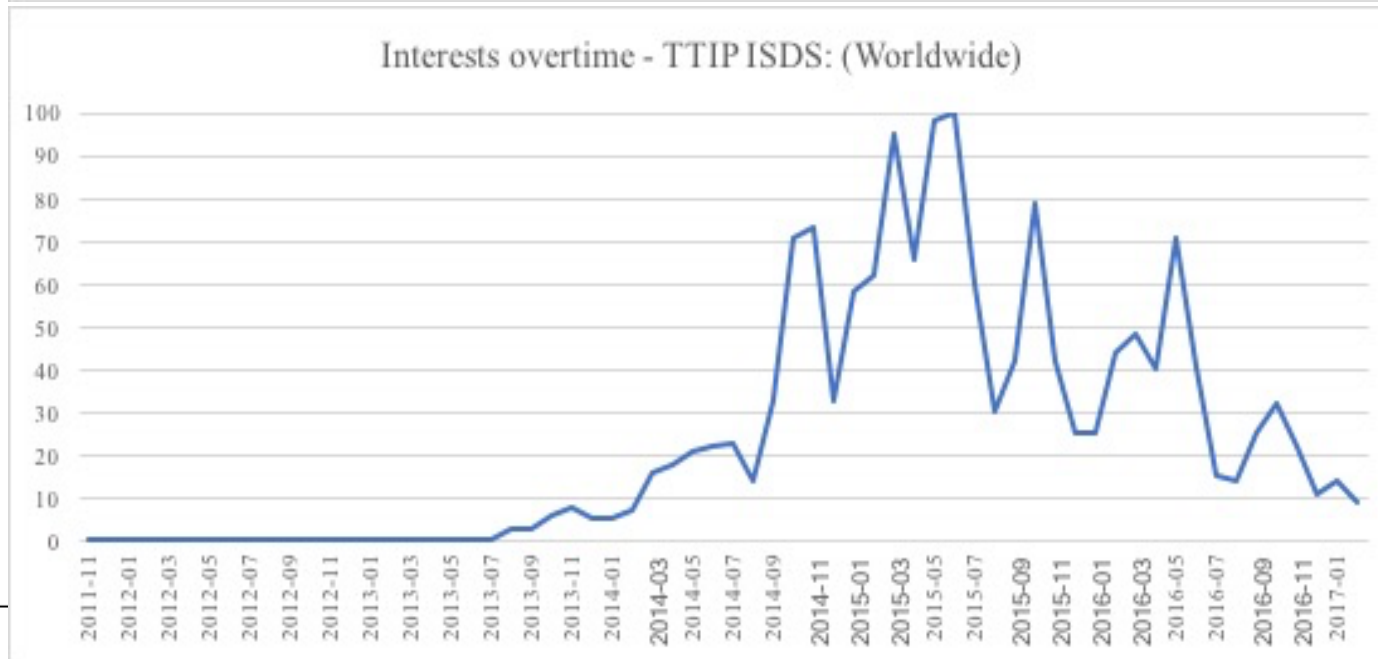
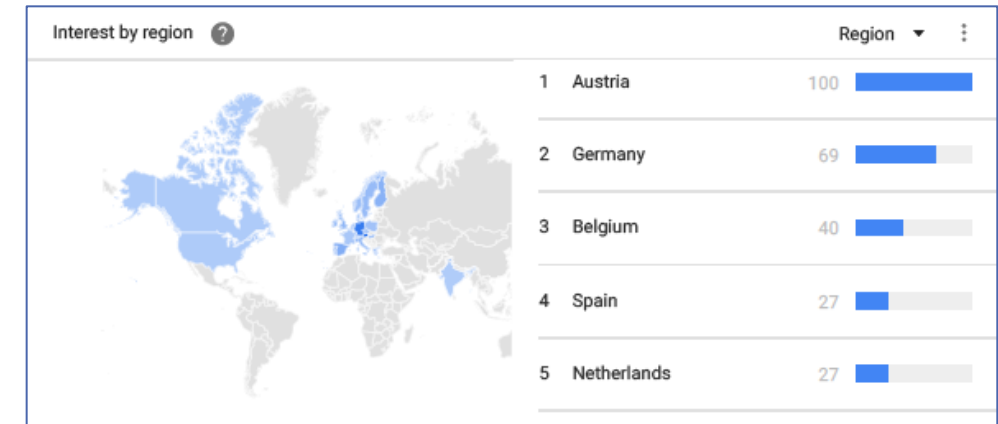
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Interest over Time – TTIP Search on Google



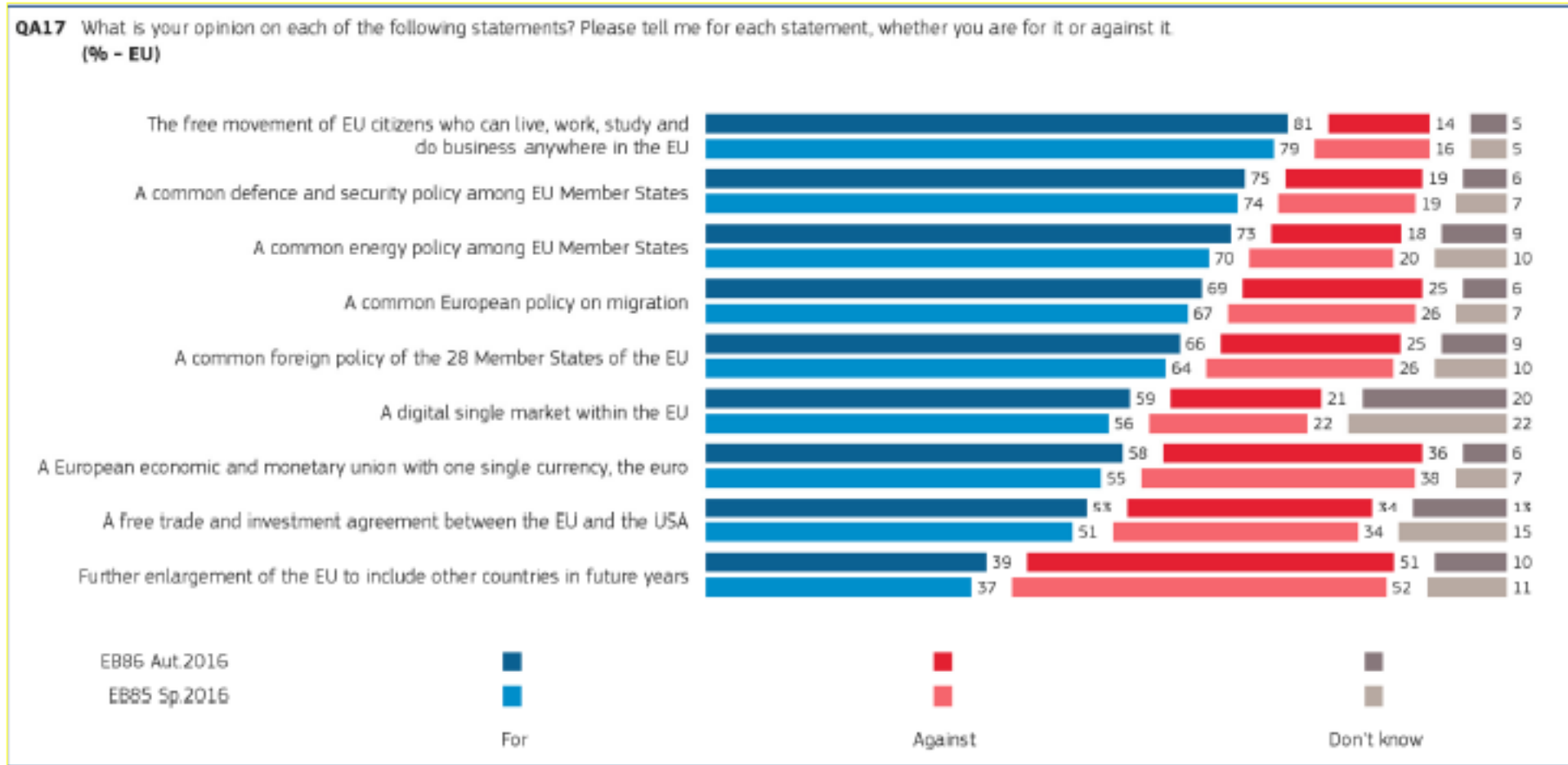
Data: Number represents search interest relative to the highest point on the chart for the given region and time.



Fall 2013 – Civil Society began extensive talk on ISDS
 May 2014 – Round 5
 May 2015 – Round 9
 Oct. 2015 – Round 11
 May 2016 – Leaked TTIP docs
 Sep. 2016 – last push before Obama’s departure

Source: Google Trend. ‘TTIP’ and “TTIP ISDS” from Nov 2011 to February 2017 [Accessed on February 8 and 15, 2017]

Declining Support for a Transatlantic trade agreement

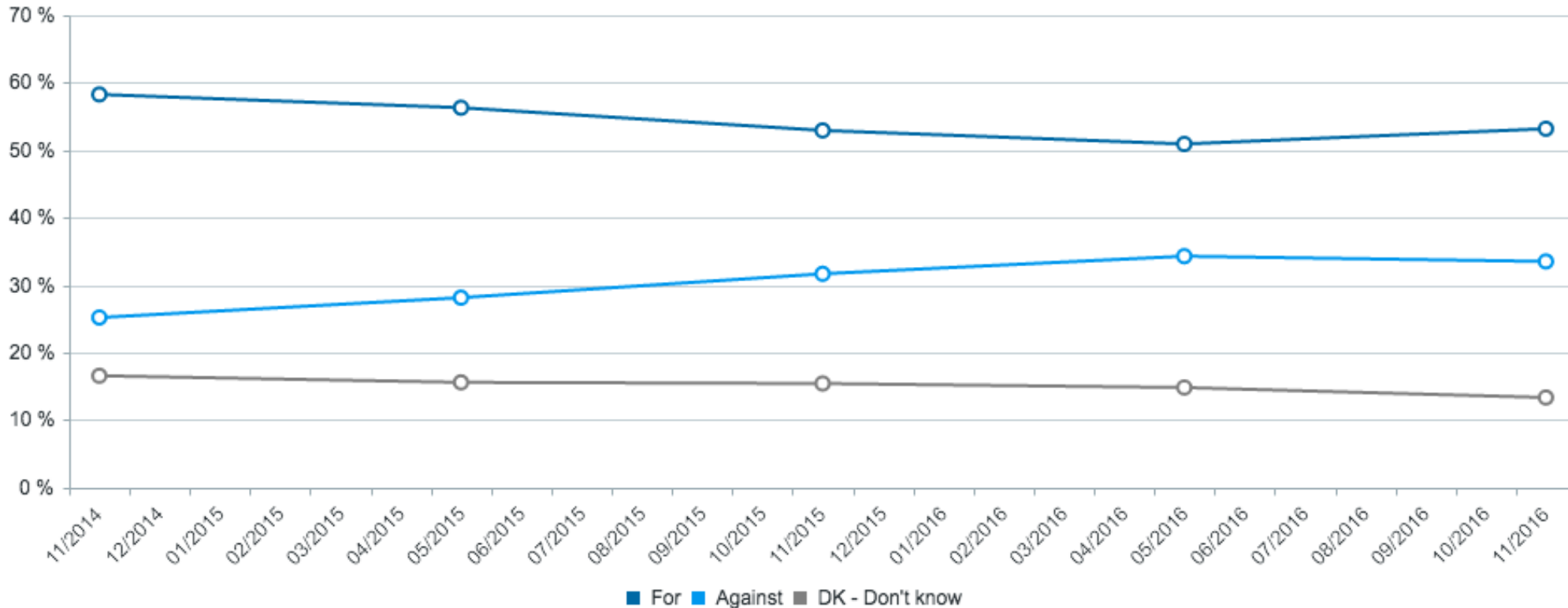


Source: Eurobarometer. Standard Eurobarometer 86. Autumn 2016

Perceptions of TTIP in EU (2014-16)

What is your opinion on each of the following statements? Please tell me for each statement, whether you are for it or against it.

A free trade and investment agreement between the EU and the USA
European Union (from 11/2014 to 11/2016)



Source: European Commission. 2017. "A Free Trade and Investment agreement between the EU and the USA." *EuroBarometers*. [Accessed on February 11, 2016]

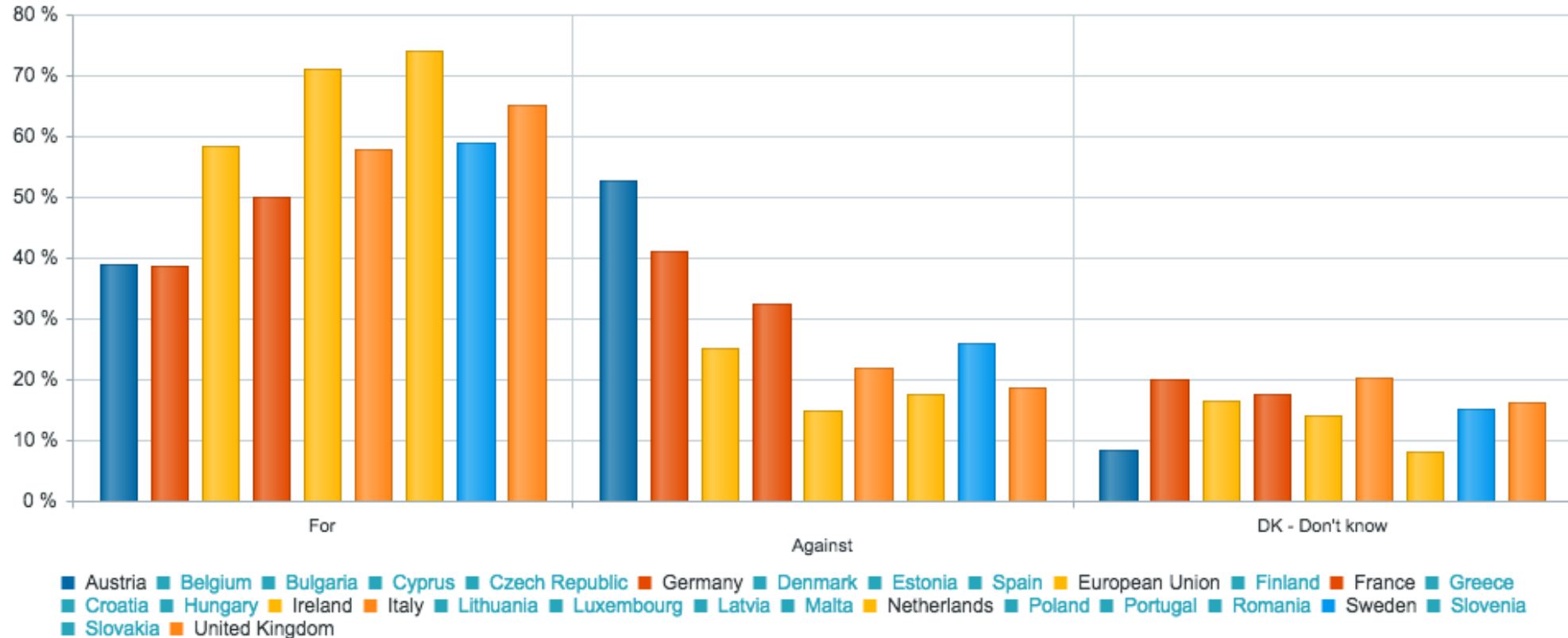
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(11/2014)

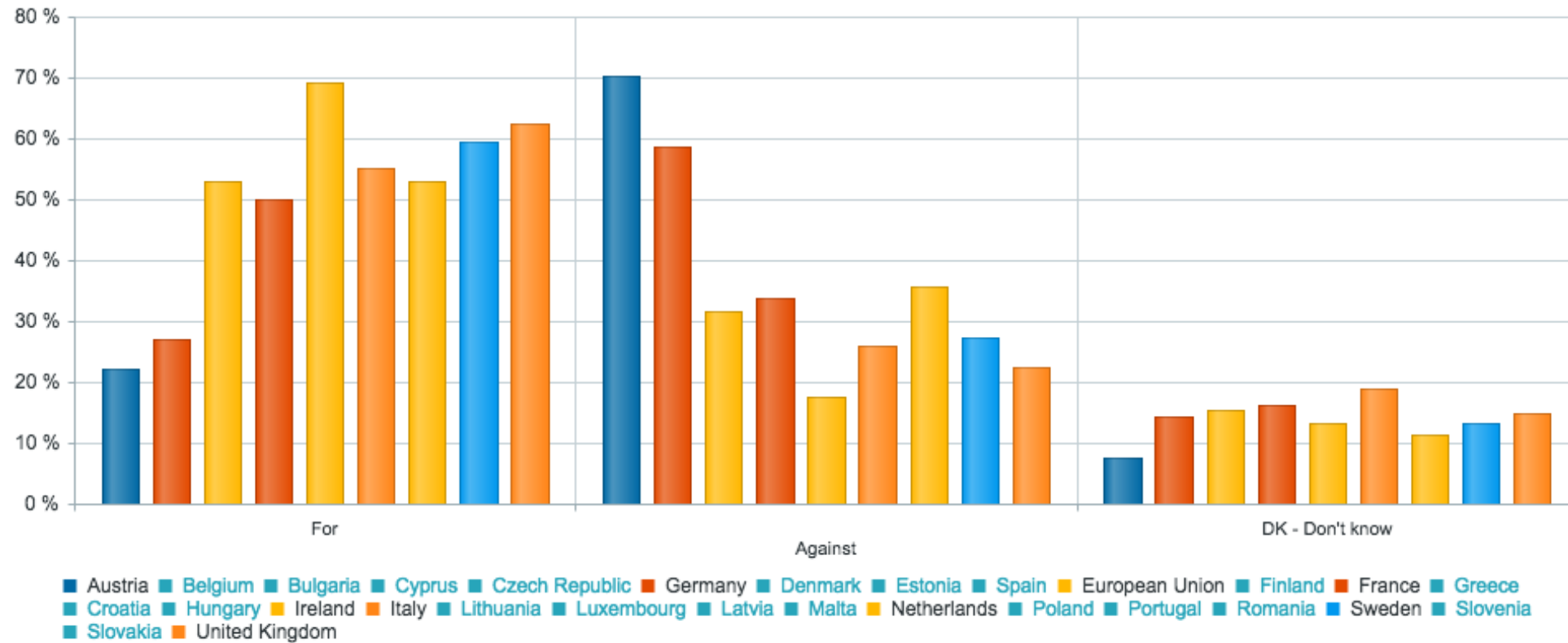


Source: European Commission. 2017. "A Free Trade and Investment agreement between the EU and the USA." *EuroBarometers*. [Accessed on February 11, 2016]
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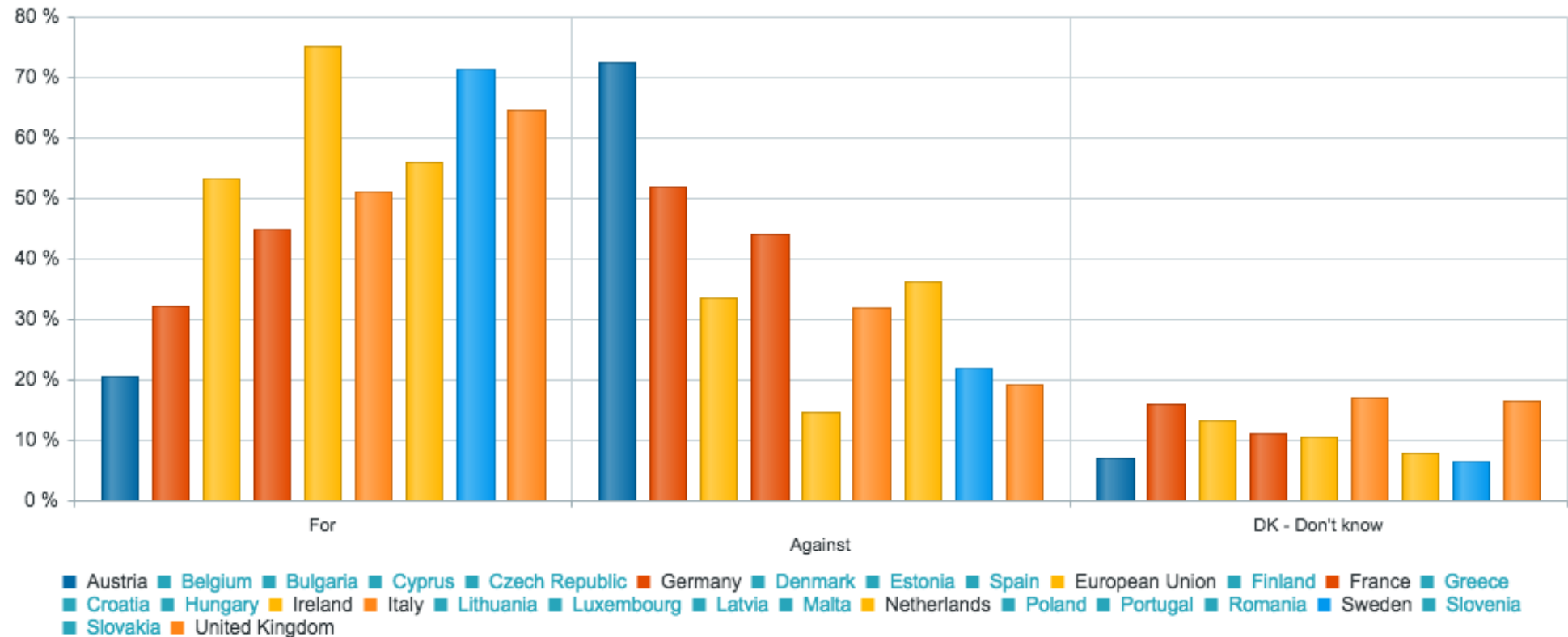
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Transatlantic Views on Benefits of Trade

U.S. Views on Trade

% saying ...



Source: Spring 2014 Global Attitudes survey. Pew Research Center — Bertelsmann Foundation survey.

PEW RESEARCH CENTER

Italy Most Wary Among TTIP Nations

	Trade is good	Trade increases wages	Trade creates jobs	Trade lowers prices	Foreign companies buying companies is good	Foreign companies building factories is good
	%	%	%	%	%	%
Spain	91	28	56	22	43	85
Germany	90	28	43	26	19	66
UK	88	34	50	24	39	82
Greece	79	21	44	35	31	67
Poland	78	38	51	26	40	75
France	73	14	24	28	32	75
U.S.	68	17	20	35	28	75
Italy	59	7	13	22	23	61

Source: Spring 2014 Global Attitudes survey. Q27-Q32.

PEW RESEARCH CENTER

Pew. 2015. Americans agree on trade: Good for the country, but not great for jobs

Pew. 2014. Faith and Skepticism about Trade, Foreign Investment



Inside the data

- There is a steady decline overtime of support of TTIP
 - **Fear** of **lower standards and lower regulations** increase risks for Europeans and pushing for an **increase of liberalization** of the EU
- Shift in the perceptions and positions of Europeans on the TTIP in **Austria, France, Germany and the Netherlands**
- European Public Opinion's interest – driven by a **news cycle** and anti-TTIP/CETA campaigns
- **Concerns** per country
 - Citizens: Concerns about job destruction and decline wages
 - Limited belief in Commission's economic modeling of TTIP benefits
- Absence of public position of business elite



Concluding Remarks

- TTIP reflects a historical divergence across the Atlantic
 - US – concerns about jobs and growth
 - EU – concerns about the impacts of FTAs on lowering regulations and standards
 - About **bargaining power** vis-à-vis the US with leverage for higher standards and regulations
- EU vs national levels
 - Real attempt by the Commission to be as **transparent** as possible – benefits of such a strategy are unclear
 - CETA and TTIP – demonstration of the **power of domestic politics** in shaping and pressuring the COM in its negotiations
 - **Economic argument < cultural and social concerns** (Pomorska & Vanhoonacker 2016: 210).
 - Future of TTIP from Europe – role of MS in bringing popular domestic concerns to Brussels, which will require negotiators to include in the negotiations.
 - TTIP is perceived as a ‘**generator of robust parliamentary response**’ with lasting effect on future cases of trade negotiations (Jancic 2017)
 - Formation of **new identities** and political demands across the Atlantic (Strange 2016: 82)



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