ZEI INSIGHTS

Rewriting the rules: the consequences of TTIP on global trade

No. 22 May 2015

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Whenever the geopolitical impacts of the Transatlantic Trade and Investment Partnership (TTIP) are discussed, the standard rhetoric tends to see the forming of a Western block, able to contribute to the establishment of a new global order or disorder, depending on which side one stands. On the one hand some see this as the beginning of the second Cold War and that the United States is trying to create a post-modern Iron Curtain vis-à-vis China. On the other hand, dedicated optimists assume that TTIP will be the start of an idyllic world, based on peace, wealth and cooperation, and consider any criticism as an attempt to jeopardize this. It goes without saying that both these views are misleading and politically twisted, as we live in a world with countless shades of grey.

At this point in time, in order to avoid speculation of any kind, the only foreseeable geopolitical consequences of TTIP regard the global trade scenario. All other attempts to link TTIP to big changes in transatlantic foreign policy are not convincing and for two reasons. First of all, the United States is stuck in limbo, Obama is trying to find the middle ground between old interventionism and new isolationism, both strategies which have previously proved to be internationally detrimental as well as ineffective. Secondly the European Union, regardless of the efforts and the slight progress of the newly elected European Commission, is still thinking on its feet in terms of common foreign and security policy, often with opposite directions being taken on national levels. In this sense, TTIP is unlikely to represent a turning point on either side of the ocean, in spite of the wishes of those who praised TTIP as NATO's Renaissance.

President Obama has spoken plainly in a recent briefing at the White House,[1] stating that China wants to 'write the rules of commerce' and that it is up to the United States of America to 'level the playing field' by means of transpacific (TPP)[2] and transatlantic free trade agreements, with the objective of preventing China from leading 21st Century trade. After all, in 2014 China's GDP became the biggest in the world, surpassing US's GDP at purchasing power parity (PPP), which means, that China is today the largest economy in the world. Therefore the only way for the US to play the role of the majority shareholder in world trade is to create a consolidated partnership that could overcome China's dominant position and lead exporters from all over the world to adapt to EU-US regulatory standards. By intervening both in the Atlantic and in the Pacific, the US would safeguard its political decision making, isolating Beijing from potential counterbalancing alliances. Nevertheless it is true that Obama's resolute words contain a great deal of propaganda, addressed to American voters averse to leaving China too much space to maneuver, especially if the volatility of American public opinion is taken into consideration. For this reasons, jumping to hasty conclusions about Obama's intentions of facing China head on, would be simplistic and rather unrealistic.

A reasonable scenario has been pictured in the 'old continent' by the influential economist Richard Baldwin while addressing the Select Committee

on the European Union during a session of the UK House of Lords. Richard Baldwin asserted 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.'[3] It is a given fact that the World Trade Organization has come to a dead-end because of disagreements between developed and developing countries, lead in first place by China and India, the former especially being a crucial trade partner for Europe. In this sense TTIP is seen as a potential turning point, which could break through and foster further dialogue, by creating a huge comprehensive market, pushing China to return to the negotiation table. As former EU Trade Commissioner Karel De Gucht said in April 2014, 'if we do a deal between the two largest economies in the world, it would set an important precedent for future global work.'[4] This means that the EU and the US could finally play the leading role in setting the rules for a new multilateral global trade order, recovering the middle ground and reallocating the transatlantic West at the structural core.[5] Some scholars call it "Wider Atlantic",[6] in order to underline how TTIP could be the glue, not only for transatlantic relations, but eventually between the transatlantic and the rest of the world.

Whether this persuasive strategy towards China will work out or not, is not easy to say. The recent 9th Round of negotiations in New York showed that the EU and the US are both putting great efforts into reinforcing regulatory cooperation in areas of common interests, firstly by eliminating costly overlapping procedures with particular attention on nine specific sectors: cars, pharmaceutical, medical devices, cosmetic, engineering, textiles, chemicals, pesticides, ICT. Moreover, regulators in New York have finally raised the problem of finding common global rules and standards in relevant areas such as competition, sustainable development, energy and raw materials. What is not entirely clear yet is how the EU and the US intend to overcome their different approaches with respect to regulation policies, in particular in thorny areas such as health and environment. The American way of "just do it" by acting ex-post is well-known, as too are the risks of such behavior. Europe, on the other hand, is an old and prudent dame, who prefers to proceeds ex-ante and still believes that slow and steady wins the race.

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1. See https://www.whitehouse.gov/blog/2015/02/18/president-obama-writing-rules-21st-century-trade
2. For more information on TTP see https://ustr.gov/tpp
3. For the full interview see: http://www.parliament.uk/documents/lords-committees/eu-sub-com-c/TTIP/ucEUC230113ev18.pdf
4. http://europa.eu/rapid/press-release_SPEECH-14-314_en.htm?locale=FR
5. For more information see van Ham, P., 'TTIP and the Renaissance of Trasatlanticism', Netherlands Institute of International Relations Clingendael, 2014
6. For more information see Alcaro, R., and Alessadri, E., 'A Deeper and Wider Atlantic', Istituto di Affari Internazionali, 2013

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