The Transatlantic Trade and Investment Partnership (TTIP): Setting Global Standards?

By Jens Ladefoged Mortensen, Associate Prof., Dept. of Political Science, University of Copenhagen

The ambitious TTIP agreement currently under negotiation between the European Union and the United States aims to deliver jobs, growth and geopolitical leadership of the global economy. After two years of negotiations, the reality today is much different; however. The project seems stalled. The TTIP is intensely debated across Europe. The European Parliament could not agree with the recommendations of their International Trade Committee recently. The proposed agreement has split the European Parliament into two with a divided center-left group in the middle. TTIP has evolved into an intense standoff between proponents and critics, a crack in the historic coalition on a European social market. The crack is most visible on the investment chapter, the inclusion of the investor-to-state dispute settlement (ISDS). However, this issue has almost overshadowed the more significant proposals of regulatory cooperation in the TTIP. Proponents see this as the biggest prize of the TTIP whereas critics see it as unrestricted deregulation of the European market.

The TTIP roundtable, hosted by CEP and EuroChallenge in May, was a unique opportunity to learn about regulatory liberalisation and discuss the current TTIP proposals in more detail. The meeting brought together key players from the TTIP debate in Denmark, and provided for a nuanced overview of and reflections on the merits and demerits of further liberalizing transatlantic trade.

Peter Bay Christensen, Senior Advisor on Trade Policy, Confederation of Danish Industries, spoke about the economic gains from TTIP, acknowledging that forecasts were not always accurate, but maintained that TTIP would deliver growth and jobs for Europe, and in particular Denmark. Regulatory cooperation, he argued, was essential for export growth. Administration and all ‘unnecessary’ barriers to trade, such as duplication of approval or certification procedures should be cut to a minimum. Concerns about the precautionary principle were overstated, in his view, and subject to negotiations. He acknowledged that certain regulatory barriers were necessary and therefore beyond TTIP. He also stressed the strategic rationale of TTIP; to project our common regulatory values to the rest of the world economy.

Gabriel Siles-Brügge, Lecturer in Politics at University of Manchester and currently visiting scholar at CEP, cautioned about the ‘jobs-and-growth’ story, recalling that such growth numbers were nothing more than uncertain model estimates. He found that regulatory cooperation was problematic as non-tariff barriers were never neutral. The real effect of TTIP would be deregulatory rather than growth-generating. He also had doubts to whether TTIP would succeed as a global standard setter, emphasizing that it was not at all given that China eventually would adopt the TTIP regulatory framework. Finally, he warned that TTIP could make upward standard-setting difficult in the future.

Vagn Jelsøe, Deputy Executive Director, Danish Consumer Council, spoke about consumer interests, and reflected upon the transparency issue. Though transparency had been improved, he argued, much was still left to be desired. The technical complexity of the issue is a problem. It was problematic that members of the TTIP Advisory Group could not bring confidential position papers to the appropriate experts. On regulatory cooperation, he stressed that the European and American consumer protection systems remained quite incompatible, pointing to e.g. class action law suits, so full harmonization would be very difficult.

Torbjorn Olausson, Economic Counsellor at the European Commission’s Office in Copenhagen, situated the TTIP process in historical context of EU trade policy, explaining that bilateral free trade agreements remains second-best option compared to multilateral trade but, as the WTO has been paralyzed for more than a decade, it was simply necessary to seek trade liberalisation elsewhere. He emphasized that regulatory cooperation was not a new thing; it has been pursued for decades across the Atlantic, in the WTO and with other trading partners. He explained that much of regulatory cooperation really is about uncontroversial technical differences that often served outdated producer interests, and that sensitive areas are being excluded from TTIP negotiations as they move forward.

TTIP has not figured prominently in the Danish debate, in stark contrast to the rest of Europe. Perhaps Danes feel less threatened by globalization, perhaps Danes are more pro-American, or perhaps Denmark sees itself on the winning side of TTIP. The roundtable debate was timely and vibrant. As the European Parliament moves
closer to clarifying its position, the TTIP debate rages on. Critics fear that social and environmental standards will be diluted as a result of TTIP. Proponents fear that Europe will lose the last opportunity to define the global game. TTIP is destined to be one of the most critical issues confronting Europe in the years ahead.

The researcher column is written in turn by the researchers at the Centre for European Politics. The column does not represent a common CEP position.