

# THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP

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**Abstract:** *The Transatlantic Trade and Investment Partnership is a project of exceptional importance which opens a new stage in the globalization process. Given its historical significance, this construction causes numerous debates and controversies. This article attempts to draft a few reflections regarding the main elements, dimensions, orientations, the basis values, objectives and the relevant actors (economic, political, formal and informal) of this greatest bilateral trade agreement. We will attempt a decrypting, on the basis of press articles, of political discourse, and of different analyses and comments, what are the social and economic effects, what are the consequences on democracy of this market project.*

**Keywords:** *transatlantic market project, significance, actors, content of the treaty, critical points*

## 1. INTRODUCTION

The Transatlantic Trade and Investment Partnership – TTIP - which entered the fourth round of negotiations, is a project of exceptional size and importance which opens, as the Trans-Pacific Trade Partnership (TTP), a new stage in the globalization process.

Behind the terms designating a classical trade agreement hides, in fact, a project of radically different magnitude. It is a matter not only of reconfiguring the large structures of the global market, but also a crucial moment in the world geopolitics. Even though negotiations are in progress, given its special significance, this project causes numerous controversies and debates. Criticism targets not only the lack of transparency of the discussions, but also the content elements of the agreement. Thus, since the negotiation mandate was not published and since there are still question marks with respect to the true stakes, but also dangers, of this project, we attempt, on the basis of press articles, of different analyses of reflection groups (such as, for instance, Open Democracy, Corporate Europe Observatory/Transnational Institute, Center for International Policy), of comments from specialists, to draft a few reflections regarding the main elements, directions and ambitions of this historical construction. What is the need and how is this partnership justified, what are the implications, the economic and commercial advantages and disadvantages, which are the effects at the social or political level, what are the consequences on democracy? In other words, what are the true stakes and perspectives? The questions are even more pertinent as the information is split, inaccessible or difficult to access. We will attempt a decrypting of what is behind the

public discourse (political and media), by means of identifying the actors (political, formal and informal), by underlining the objectives and constraint of this greatest bilateral trade agreement ever to be negotiated.

## **2. THE EU-USA TRADE PARTNERSHIP: THE CONCEPT OF TRANSATLANTIC MARKET, ECONOMIC JUSTIFICATION, OBJECTIVES**

Following the mandate granted on June 14<sup>th</sup>, 2013 to the European Commission by the UE Council, starting with July 8<sup>th</sup>, 2013, the USA and the EU have inaugurated negotiations for a trade and investment agreement called the Transatlantic Trade and Investment Partnership. This bilateral free trade agreement draft also called the Great transatlantic market or TAFTA (Transatlantic Free Trade Agreement) is placed, as other projects of the same nature (such as, for example, NAFTA or the Asia-Pacific Partnership which is in the process of being negotiated) in the line of liberal and de-regulating policies of the IMF, WB, WTO. The negotiations, which are in their 4<sup>th</sup> cycle (March 10<sup>th</sup>-14<sup>th</sup>, Brussels), will have to be concluded in 2015. Although the integral content of these negotiations, as well as the mandate, have not been published, different sources, official or journalistic, made its main elements known (European Commission 2013a; Lagune 2014; Jennar 2014; Umucyo 2014).

### *2.1. The transatlantic market - concept*

The common transatlantic market is conceived as an expansion of the already existing economic liberties to a vast geographical area (the USA and the EU), which will comprise countries that concentrate half of the world GDP. Therefore, it represents the development of trade between the economies of the countries with a high development degree. The declared objective of the Trade and Investments Partnership is a greater liberalization of commercial and financial trade, accompanied by common judicial and security policies. Conceived to enter into effect in 2015, the transatlantic market presupposes the removal of any obstacles from the path of trade, of financial regulation. By eliminating the commercial obstacles, but also the regulatory ones, the target is a total mobility of goods, investments and capitals between the two continents. Through this agreement, the companies are free to invest, to produce, to delocalize within the free trade euro-Atlantic area, according to the already applied model of the European single market.

Even though there is talk of a free trade agreement and although, of course, the free trade component is central, still, this is not a usual trade agreement. It is not only a matter of eliminating customer barriers that still persist, but which are insignificant or of harmonizing technical regulations. It is a question of eliminating especially the internal sanitary, environmental, social, food etc., (non-tariff) barriers considered by the transnational enterprises as obstacles in the path of expanding their economic liberties and increasing their profits.

### *1.2. Economic justification*

The interests at stake are considerable. First of all, taking into account that the transatlantic trade relations represent the spinal column of world trade, this agreement will be not only the largest agreement ever signed between the US and the EU, but also the largest economic contract ever signed (*NewEurope2013a*).

In what concerns the expected benefits of this partnership, they are, on maturity (after approximately 10 years) evaluated at 100 billion euro for the respective GDP of the partners, which represents a significant amount. Concretely, in the bulletin of February 13<sup>th</sup>, 2013 of the European Commission, it is estimated that until 2027, as a consequence of this agreement, the European GDP will increase with 0.5%/year and with 0.4%/year in the US. Also, according to the studies of the European Commission, the EU exports could increase with 6%, while they would increase with 8% for the US - respectively 220 billion euro for the EU and 240 billion dollars for the US (European Commission 2013b). In the same optimistic note also falls a report of the Center for Economic Policy Research, which makes even more spectacular forecasts regarding the EU exports to the US, which would increase by 28% (Center for Economic Policy Research 2013). In addition, considering that the tariff barriers are already low – 4% on the average –, the main obstacles in bilateral trade are the divergences in regulations and standards, as well as the consumer protection regulations, such as their elimination could reduce the costs of imports with 10-12% (Lagune 2014). Still, even though, in reality, the benefits of this agreement seem to be considerable, it is regrettable that in this stage of the negotiations they are now known, or too little known, at least by the European public opinion.

### *2.3. Significance and objectives of the transatlantic market project*

The treaty to accomplish a Great transatlantic market is especially important due to the economic and political power of the two parties, the USA and the EU representing half of the world GDP and 1/3 of the international commercial trade. However, this project has stakes that exceed the euro-Atlantic framework. It falls into a global strategy, boosted by the US and supported by the EU, to conquer the world markets and to counter the economic offensive of the emerging countries, especially China.

The trade partnership between the US and the EU is part of the new wave of free trade agreements, as the recent Economic and commercial agreement between the EU and Canada, or the Transpacific Partnership concluded by the US with 12 countries in Asia (except China), as well as the numerous other free trade agreements, The agreements of this type of strategies for dividing the world in large economic and political blocks and which, from the strictly commercial point of view, short-circuit multilateralism and exceed the economic liberalism and the deregulation promoted by the WTO. These new commercial partnerships essentially target the expansion of the rights and powers of the large multinational enterprises which have become economic and political entities which, by dimensions and importance, rival the large national economies. Indeed, according to a ranking published by Global Trends for year 2012, 58% of the top 150 most important entities in the world are the multinationals. Among them, the main oil, natural gas and mining companies, banks and insurance companies, telecommunications and large distribution giants, car manufacturers and pharmaceutical enterprises. For instance, the most important multinational company is Royal Dutch

Shell, which in 2012 recorded a turnover that exceeded the GDP of 171 countries and which is the 26<sup>th</sup> economic power in the world (before Argentina and Taiwan), even though it has only 90,000 employees. In 2012, the cumulated turnover of the top 5 largest oil companies represented 2.6% of the world GDP, which indicated the tendency to concentrate capital at the global level and to strengthen the rights and advantages of the large transnational companies (UNHCR Global Trend 2013).

Example of last generation commercial treaty, the Euro-Atlantic Trade and Investments Partnership exceeds through ambitions and objectives what was targeted and achieved through NAFTA (the Free-trade agreement concluded between the USA, Canada and Mexico and which entered into effect in 1994) and GATT (WTO). Acting through industrial associations, lobbies, groups of experts and foundations, the multinationals put into practice, by means of this agreement, large projects targeting the concentration of the transnational economic, but also of the political power, in their hands.

Thus, the deep significance of this institutional construction is the transformation of the nature of power which passes from the local and national authorities to transnational forms of governance (private or public). Through this type of agreement, private power tends to replace public power, by delegating to the private sector the possibility to decide social, environmental or cultural regulations. Indeed, since the market is not a natural fact, but a political construction, it requires a harmonization of the legislations in the two spaces, which implies a mainly political transformation and specific institutions. This legislative reform in favor of private economic actors comforts the idea according to which the governments in the EU and the US tend to become the political instruments of transnational corporations (Marshall 2013).

#### *2.4 The basic idea and values: priority of the private interest and the end of the Providence State*

At the basis of this agreement model is the central idea of neoliberals, according to which the profits, the private interest, in general, are more important than the general interest. Indeed, the Transatlantic market privileges at all levels (economic, social, political, cultural etc.) the values and objectives of the large multination groups, such as: permanent competition, absolute profit, subordination of the political world to the economic world, the commodity-orientation of society (seeing social relations as commercial relations), privatization of goods and services, omnipotence of the market. Once adopted, these values imply the back stroke of opposite values: social values, ethical moral values, democratic values, in general the values connected to the general interest (social justice, solidarity), respect of the environment. In analytic terms, it is a matter of the triumph of the market over the State, more precisely, the end of the state paradigm and of the post-war Providence State, it is the triumph of neoliberals on the other possible models of economy and society, it is the „governance” paradigm within which power is quasi-totally unbalanced in favor of the private actors and of the economic interests.

In conclusion, it is a matter of a project of capital importance for the Western Euro-Atlantic economies and societies. The significance and stakes of the agreement exceed, however, this framework. Thus, according to the statements of Karel de Gucht, European commissioner for trade and one of the persons responsible for applying the future concrete negotiations, „this agreement will become the rule not only for our future bilateral agreements, but also for the development of the global rules that will define the future economic context of the world” (*NewEurope* 2013b).

## **2. GENESIS AND STAGES OF THE PROJECT, RELEVANT ACTORS**

The project of the transatlantic market has its origin in the far period of the Cold War, but is more clearly outlined in the 1990s. The agreement was elaborated within several official transatlantic meetings, but especially through an intense lobbying activity from the multinationals with the political leaders and members of the European Commission, within dialogue opportunities created under the patronage of the European Commission and of the US Trade Department.

### *3.1. The start of the euro-Atlantic commercial project*

The project of the free trade agreement between the EU and the USA was publicly announced and saluted with unanimous enthusiasm by the officials, the business world and the media in February 2012, the first bilateral meeting taking place in July 2013.

Still, the real debut of the transatlantic integration process is in October 2011, when was established the „*High level working group in the field of labor force and growth*” (within the Enterprise and Industry Commission of the European Commission), a transnational study commission created by the US government and the European institutions and composed of a small group of European and American experts. The goal of this Working group was to „identify the policies and measures that must be put into practice in order to increase the commercial trade and transatlantic investments and to mutually support the creation of jobs, economic growth and international competitiveness, working closely with the public sector and the actors of the private sector and calling, in an appropriate manner, on the already existing relations and mechanisms” (European Commission 2012a). Therefore, the displayed objective was the analysis of the different modalities of political and legal action available in view of expanding transatlantic trade and the creation of a unified market on the two sides of the Atlantic (the Atlantic single market).

The final conclusions of this report of the Working group were published on February 12<sup>th</sup>, 2013. The sensitive points identified in the report referred to the trade of agricultural products (especially to the sanitary regulations); intellectual property rights; legal and ideological divergences with respect to the WTO (widely consumed in the USA). For the American part, the most important problems are those related to the entering of the American companies on the European market. According to the estimations and in spite of the critical points signaled by numerous analysts, the signing

of this free trade agreement anticipated, as indicated, an important increase of the European and American GDP, but also other economic advantages (*NewEurope2013c*).

*Several historical landmarks of the transatlantic integration process*

However, the project has a history. This agreement, which expresses the interests of the multinationals to concentrate the power of private capital, is not a new initiative, but the expression of a tendency that has been manifest for more than 20 years. Thus, between years 1995 and 1997, the MAI project (Multilateral Agreement on Investments), secretly negotiated within the OECD by the 29 member states was a similar attempt, which targeted the strengthening of the power of investors towards the governments (Henderson 1999). Also, dispositions of other treaties, such as, for instance, the FTAA (the Free-Trade Area of the Americas), but also certain negotiation cycles of the WTO, elaborated in the same ultraliberal vision, failed or were significantly modified (George 1999).

Thus, in order to understand the importance of the Transatlantic Partnership project in its current form and as can be seen from the conclusions submitted by the Working group, several historical landmarks are not without interest, since this agreement is the result of a long process of reflections and actions which, for the most part, took place in the backstage of power in Washington and Brussels.

The project origin is at the beginning of the 1990s, the first mention going back to 1991, hence immediately after the fall of communism, in the text of the *Transatlantic Declaration* - signed in 1991- (La Documentation française 2008). In this declaration emerge the current proposals to eliminate custom duties, but also the will to strengthen the political relations, the priority being, at that moment, the intensification of the transatlantic cooperation and solidarity. In year 1995, a *New Transatlantic Agenda*, adopted by Brussels and Washington, mentioned for the first time, formally, the creation of a transatlantic market and underlined the need for the EU-US closeness in numerous fields, from promoting world peace to establishing closer and more diversified economic relations, but also the establishment of cultural, social and scientific connections between the two areas. The materialization of these projects and intentions starts to become concrete through the establishment of contacts, formal and informal, between politicians and representatives of the business world, between the two blocks. The creation of the *Transatlantic Business Dialogue* group, the largest lobby of multinationals at the transatlantic level, is one of the expressions of these influence networks that have supported and sustained this project.

An important moment in the process of transatlantic integration was the signing, in May 1998, at the EU – US summit in London, of the *Transatlantic Economic Partnership*. This economic charter contains the essential of the elements to be found in the final report of the Working group of February 2013, namely: the creation of a common market of agricultural products; elimination of custom duties; legal equalization with respect to intellectual property; investments and electronic trade; liberalization of trade and investments. In other words, it is a matter of harmonizing the regulations for

goods and services, for the purpose of accelerating the economic integration process of the two blocks.

On April 30<sup>th</sup>, 2007 was created, following the agreements between George Bush (then president of the US), Angela Merkel, then president of the European Council and Juan Manuel Barroso (then president of the European Commission), the *Transatlantic Economic Council*, structure lead by the European trade commissioner, Karel de Gucht, and by Michael Froman, representative of the American side. The objectives of this Transatlantic Council, which meets once a year, are, in fact, the goals defined in 1990, namely the establishment of an application framework for the transatlantic partnership by harmonizing the regulation policies, for the purpose of increasing competitiveness compared to the emerging economies, especially China, and of limiting the possible protectionist deviations of different governments.

*The multinationals and the lobby groups: main actors of the production of legality and public policies*

The Transatlantic market project is the result of the initiative and action of the most powerful private enterprises, the political decisions that are at the basis of creating this market being the direct result of the lobby activity performed by these private companies which act either as official organizations, or informally.

In view of reaching their objectives, the multinationals have grouped in different pressure groups that integrated either as expert consultants in the transatlantic architecture (see the main role of the Transatlantic Business Dialogue), or as organizations external to this construction, but still very influent, such as, for instance, Transatlantic Policy Network. These lobby groups connected to the world of multinationals imposed as official partners of this political process, being an integral part of the transatlantic decision process. Even though they are extremely numerous and varied as profile and importance, we shall limit to presenting the most active and influential.

Thus, among these lobby groups, a dominant, but not singular, position is held by the *Transatlantic Business Dialogue*”, already mentioned as being the lobby group that established the project priorities and objectives. The members of this group are exclusively the multinationals that imposed on the treaty a purely and exclusively commercial logic to the detriment of the social (work, decent wage, social security) or environmental policies, these important problems not being present on the transatlantic agenda. This strong interest group does not act alone. At the beginning of year 2013, it merges with another lobby of private companies (*European American Business Council*) and forms the *Transatlantic Business Council*, an organization representing 70 multinationals and which displays compatibilities with other lobby groups, among the most known being the American Chamber of Commerce, the Federation of German Industries, Business Europe (the European federation of the business world), but also a series of reflection groups (*think tanks*), such as, for example, the Council Atlantic, Marchall German Fund, the Peterson Institute for international economic relations.

Another very strong interest group is the *Transatlantic Policy Network*, Euro-American institution created in 1992. Composed both of businessmen and politicians (American and European parliamentarians), the group is at the same time supported by numerous *think tanks* such as the Aspen Institute, the Council for Foreign Relations or the Brookings Institute. If we refer to the business component, the group represents the interests of the especially American multinational companies such as, for example, AT&T, BASF, Bayer, Nestle, Hewlett Packard etc. the other half is composed of 60 European deputies and American congressmen. The fact that 8% of the European parliamentarians are members of this multinational network shows that the European political world was influenced in its decisions by the arguments of this lobby group, Transatlantic Policy Network being a net illustration of the fact that the interference between the political sphere (American and European), the analysis and university circles and the business world is total (Nikonoff 2014).

Another lobby group very active within the influence networks in favor of the transatlantic market is *Business Alliance for TTIP*, created, discreetly, in May 2013, and composed of Euro- Atlantic companies. Acting as „network of networks”, this group is the spokesperson for the multinational enterprises with the official negotiators of the agreement. This group is established of owners’ federations, of the most representative American and European chambers of commerce, and includes the two lobby-s mentioned above - Transatlantic Business Council and Transatlantic Policy Network- (Gatines 2014).

In conclusion, the project is boosted and supported by an ensemble of corporations dominated by think tanks and large business organizations. Collectively, these institutions form the „transatlantic corporatist complex” (Marshall 2013), a both formal and informal structure, which reunited the elites of the large corporations, of the big banks, foundations, universities and political circles that through reports, articles, analyses, meetings, has a determinant role in establishing the political agenda and in supplying expertise in formulating the Euro-Atlantic objectives and strategies.

### **3. CONTENT OF THE TREATY, ORIENTATION AND CRITICAL POINTS**

#### *4.1. Dimensions and orientation*

The future agreement has three main pillars (three negotiation fields), but in other fields (energy and raw materials, royalty and others), the proposals will be outlined in the future rounds of negotiations which will take place until the summer of 2014.

Thus, if we refer to the main subjects, first of all it is a matter of opening the public and private markets, at all power levels and in all fields: industry, agriculture, commerce, services. In principle, the regal functions (army, police, and magistrates) should be excluded, but to the extent to which in the US the army and police are already partly privatized, there is no real guarantee that these services will remain public. Practically, all activity sectors and especially the public services can be co-modified and opened for international competition.



The second field of negotiation refers to the elimination of the tariff and non-tariff barriers. If we refer to tariff barriers, they are important in certain sectors, such as, for example, agriculture. The implications for the European agriculture will be important and, according to the opinion of several specialists, rather negative. Facing the American competition, which takes advantage of a strongly industrialized agriculture, hence, with reduced production costs, the impact on the agriculture of countries such as France, Romania or Poland will be considerable.

The elimination of non-tariff barriers is the critical point of the agreement. All social, environmental regulations, the entire legislation affecting the economic and social life and which implies society choices that pertain not only to the economy, will have to be reviewed depending on a single criterion, which is the facility of trade in favor of private interests. The legislations will have to align to the least constraining rules, namely the American regulation, in all fields: regulations regarding the exploitation of shale gas, regulations regarding the use of chemical products in industry, food and phyto-sanitary regulations, labour law, regulations regarding health, those referring to medicines, to social protection or those regarding environmental protection (European Commission/Trade 2013). In the conditions in which in the US have not signed the largest part of international conventions of the International Labor Organization or the Kyoto protocols on climate, or even the international conventions regarding children's rights, we can estimate the magnitude of changes for Europe, as well. Other important provisions refer to the financial services which are not excluded from the general deregulation, the free travel of capitals going to be guaranteed, which will lead to the increase of speculations and the states' indebtedting degree.

However, the project key refers to investments, more precisely to their protection system. For this purpose, the agreement establishes the creation of a mechanism for regulation the investor/state litigations (which is already functioning within NAFTA), by means of which the multinationals will gain exceptional power, in the sense of substituting the public law with the private law of an arbitration tribunal (which refers only to investors' rights). Thus, a private investor that estimates that its present or foreseen profits are threatened by laws, regulations or projects of a state, which it considers „unreasonable, arbitrary or discriminatory” and which, in its vision, „would cancel or compromise the advantages deriving from this agreement”, could constrain that state, under the threat of applying large penalties, to modify its laws to the detriment of the collective interest and of the fundamental rights of its population (CEO/TNI Report 2014 ; Romanet 2014). In this sense, it is worth mentioning that there are already in the world 518 complaints of this type of compensations, extremely burdening on the respective States and their citizens.

In conclusion, these provisions of the agreement will allow the attacking in justice of a state that does not comply with the neo-liberal rules – meaning they will allow the companies to request compensations from the states for the loss of benefits due to the national policies in the field of health, environmental protection and financial regulation. We can estimate the magnitude of the negative effects this agreement can bring forth, one of the anticipated consequences of these penalties being a rapid increase of the debt of

states that would refuse to abandon their constitutional right to pass legislation (UNCTAD 2011; IMF 2012).

*Other several lines of the treaty*

We mention, without elaborating, other important aspects targeted by this agreement. Thus, the government will no longer have authority in matters of regulating the exports of oil or natural gases to the member states, which will bring forth an intensive drilling process throughout the European Union. In the same sense, the agreement establishes that the large corporations in the field of energy will be able to export natural gases into and from any member state without the national governments to be able to issue approvals with respect to the consequences on the environment and the economy of the local communities or on the national interest. Other provisions target the forbidding of taxes in financial transactions, while other directions refer to royalties, such as, for instance, the monopoly in the field of patents in the medicines sector, which will reduce or block the circulation of generic medicines. Another negotiation chapter targets the monitoring and control of activity over the internet. Also, in the name of the fight against terrorism (whose definition is arbitrary), the EU and the US legalize the control and spying on citizens, by means of exchanging the personal data files (Jennar 2013; European Commission 2013c).

*Constraints of the Treaty*

The entire legislation necessary to promote the values of the business world and the interest of the private capital are just as many constraints and threats for the democratic systems and the general interest. This project risks having important negative consequences in several fields: finances and public services, the increase of social inequality, increase of pollution, the limiting of social movement, the breach of fundamental liberties. In other words, the transatlantic commercial values endanger the general interest social and democratic conditions and values.

If we refer to the social consequences of the agreement to achieve the transatlantic market, the treaty, as the European economic and monetary Union, does not establish the harmonizing of the social and fiscal legislation in the transatlantic space, each state being free to set its choices in the matter. Still, since the economic liberties grant to the multinationals and the financial markets the right to move, they can also exercise pressures for the modification of the social and fiscal legislations that represent, in their vision, a cost for them and a profit-reducing factor (Wallach 2013 ; Jennar 2014). Already applied in the European single market, this social and fiscal dumping dynamics will strengthen on the transatlantic market, threatening the labor conditions, the level of salaries or the financing of social security. The conclusion is difficult to avoid: this agreement may lead to the elimination of thousands of jobs occupied by the middle class, but also to the destruction of sustainable agriculture and of proximity trade. Instead of ameliorating the European social model, which could serve as reference to the transatlantic project, on the contrary, the social conditions in the less developed and

poorer countries will become standard and reference, bringing forth the deterioration of this model (deterioration of the social environment and of the fiscal conditions). The single transatlantic market will lead to the precarious situation of most vulnerable persons, while social inequality will deepen. Although this logic of become more precarious will especially effect the developed European countries, with high social standards, the privatization policies and the co-modification will apply on a wider scale in all EU states, implying the de-structuring of public services, and transforming education, public transports, culture, health, in a merchandise like any other, subjected to the logic of profit maximization.

#### **4. DEMOCRATIC DEFICIT AND SHORTCOMINGS OF THE EUROPEAN DEMOCRATIC MODEL**

Apart from the social, cultural or environmental consequences implied by the agreement, directly or indirectly, question marks are raised by the aspects related to the observance of the democratic principles. The first observations regarding the breaching of these fundamental lines refer to the non-transparent character of the negotiations, the mandate granted to the European Commission being inaccessible or difficult to access for the entirety of European citizens. Under the pretext indicated by the EU officials, according to whom these information contains aspects of the negotiation strategy which, known by the partners, would weaken the EU position within the negotiations, the trade union organizations or the representatives of the civil society have been practically excluded from these arrangements.

Other elements, such as, for example, the political marginalization of the European citizens in decisions regarding public interest fields or the breaching of provisions of European treaties are just as many reasons for alert and concern.

##### *5.1 Lack of transparency and the political marginalization of the EU citizens*

A first breach of the democratic principles is connected to the secret, opaque character of the negotiations. As in the case of the North-American Free Trade Agreement (NAFTA) or in the case of creating GATT (Global Agreement on Tariffs and Trade) become WTO, there was no real public consultation with respect to the content of the treaty and, especially, to its potential consequences. In fact, for several years now, NGO's and citizens' organizations in the EU have been criticizing the EU trading policies for the lack of transparency, democratic deficit and the pro-multinationals partisanship which characterizes the decisional process (Stichele, Bizzari and Plank 2006).

Also in the case of the current trading Partnership, even though the Commission claims that the viewpoints of the civil society play a crucial role in the decisional process, the lack of openness and public participation raise question marks and have generated critical positions of the social forces, associative, political but also trade unions. Even though, faced with these actions, the European Commission initiated a vast public relations campaign, in what concerns the transparency of the preparatory documents and the accountable behavior of the European officials, numerous organizations of civil

society and careful observers of the process have highlighted the lack of democratic control and public debate with respect to the stake of the negotiations.

Thus, Corporate European Observatory reveals the content of a Commission internal document which shows that for the preparation of the negotiations regarding the transatlantic trade agreement, the General Trade Directorate had, in 130 meetings with the parties involved, at least 119 meetings with the large enterprises and their lobby groups compared to only a few with the trade unions and consumers' associations. Moreover, the CEO report shows that these reunions with the business world, which represent 93% of the total consultations, occurred behind closed doors (CEO Report 2013).

Other elements highlight the lack of transparency of the European Commission's actions and the non-democratic tendency to reduce to a maximum the citizen debates, as, for example, the different documents referring to public consultations and the appeal for contributions of April 2012, September 2012, and October 2012. Thus, for instance, the public consultation achieved in February 2012 had an extremely discreet character, as well as the subsequent public consultations – April, September, and October 2012, when persons and interest groups involved or interested in this project were invited to answer several public questionnaires. The questionnaires were published on websites well known by the citizens. Thus, between February and April 2012, 48 answers reached the European Commission, divided as follows: 34 from industrial and financial lobby-s; 5 from private enterprises; 4 from individual persons; 2 from citizens' lobby-s; 2 from countries (Latvia and Denmark); 1 from an attorney association. This division highlights the lobby domination and the over-representation of multinationals. In the same sense, the questionnaire of September 2012 comprised 12 questions with industrial and commercial character, and only 3 questions with civic character and 3 general ones. So, 12 questions (out of 18), meaning 66%, are strictly commercial questions, which shows not only the quantitative unbalance, but also the qualitative unbalance of the questions. By contrast with the questionnaire addressed to the economic groups, the questions focused on civic interest were less elaborate and more closed (multiple-choice questions that allow a quantitative analysis of the answers) and only 2 open questions, the goal and real finality of this manner of formulating the questionnaires being the hiding of the negative effects and the underlining of the positive effects of the agreement (European Commission 2012b; 2012c). It derives the fact that the privileged addressees of the public questionnaires were the private companies whose interests were considered with priority in defining the negotiations agenda aiming for the change of the legislation (which is the essence of democracy), on the basis of these answers being drafted the official report that constituted the basis for launching political negotiations in 2013.

#### *Shortcomings of the European democratic model*

The procedures for concluding the agreement, more precisely certain details related to the procedure for giving a mandate and its main elements, highlight several shortcomings of the European democratic model. Thus, the mandate, which was adopted with the unanimity of the member states, has three directions, one being the „decision of

the EU member states to authorize the Commission to negotiate, in their name, the dispositions of the EU/US Transatlantic trade and investment partnership that do not pertain to the EU competences". On the grounds of this direction, the Council approved the start of the discussions with the US in view of concluding the free trade agreement (Council of the EU 2013). However, this direction contradicts a major provision of the Lisbon Treaty regarding the „division of competences between the Union and the member states", as clearly expressed by art.207/6 a TFUE (*Journal officiel de l'UE*2008), article that directly refers to the procedure requested for the conclusion of international agreements such as TTIP. It means that the Union not only breached the Treaty for the Functioning of the EU, but even the Treaty on the EU which stipulates in art.13/2 that „Each institution shall act within the limits of the powers conferred on it in the Treaties, and in conformity with the procedures, conditions and objectives set out in them" (*Journal officiel de l'UE* 2010). Or, this breach of the fundamental treaties by the EU is comparable with the breaching of the constitution by a state, which raises question marks and unrest coming from an organization that presents itself as an authentic defender of democracy within and outside the Union (Umucyo 2013).

Numerous observers and analysts have noted other aspects related to the negotiation mandate which emphasize the weaknesses and the democratic deficit at the EU level. Thus, the mandate given on June 14<sup>th</sup> was published only in English breaching the obligation to publish official documents in all European languages and, fact already underlined, it was difficult to access. The pretext given by the European officials is that this information contains aspects of the EU negotiation strategy which, thus known by the partners, would weaken the EU position during the negotiations (European Commission 2013d). Or, thus expressed, the reasons for the lack of transparency do not suggest a matter of a „partnership" whose purpose is to obtain mutual advantages for all parties (EU, USA and their citizens) and these reasons are in disagreement with the statement made by Ignatio Garcia Bercero, EU chief negotiator, who gave assurances that „ it's very important (...) to communicate as clearly as possible to our citizens, say what is the position that each one is taking in the negotiation, and that's the reason why the European Union will have made an effort to make as many position papers public, where we indicate in each of the different negotiating areas which are the objectives that we are pursuing in the negotiation and our doors are always open to discuss with any interested stakeholder any issues which are a matter of concern" (USA-Department of State 2013).

## **5. CONCLUSION**

*Beyond the economic and commercial significance – a project with geo-political and geo-civilizing ambitions*

Behind the discourses and analyses about the economic growth, jobs and competitiveness, the medium and long term ambition of such an alliance is to unify the two continents in a political and cultural block, which, from San Francisco to the eastern borders of Europe (namely, until Russia) will constitute a unified world – the western world. Moreover, this project whose objectives exceed the economic field, target the consolidation of western leadership and especially of the USA. Thus, the Transatlantic

Partnership is, in fact, a project with strong stakes which, through the complete reconfiguration of the world commercial order, aims at reconquering the geo-strategic position of the US which, in the last decade, in the conditions of increased influence of emerging countries (BRICS), and especially China, but also of the anti-liberal revolutions in Latin America, lost the statute of single super-power.

This objective is in fact clearly stated in a common communication in which it is considered that this agreement constitutes for the US and the EU the possibility not only to develop trading and investment relations, but also to contribute to the elaboration of world rules that would consolidate the multilateral commercial system (European Commission 2013e). In another statement, the US president compared the transatlantic partnership with an „economic alliance as strong as the diplomatic and military alliance that is NATO” (*Le Monde* 2013, *The Wall Street Journal* 2013).

At the basis of this large geostrategic and civilization project are the common – namely western – values (economic, socio-cultural, and historical), the binder being the neo-liberal Anglo-Saxon ideology. In other words, it is a matter of an EU-US integration process, process which will lead to the political and cultural uniformization of the two areas (Paye, 2009).

In order to understand the magnitude of the project and its considerable concrete consequences, if it will be achieved in the currently foreseen form, several observations with implications on the European integration process are not without interest.

First of all, the transatlantic unification will be achieved according to the North-American economic-cultural model, which will affect the affirmation of a European identity. In fact, the American influence Europe is present for many years and strongly visible through the large number of *think tanks*, such as, for example, German Marshall Fund, The Chatham House or the Bertelsmann Foundation, but also of other supra-continental institutions, out of which NATO is the most representative. Secondly, the transcontinental institutional influences induced by a single market will also play their part, first directly, on the social and environmental policies, which, from the point of view of many criteria, are very different and even divergent in the two areas, and then indirectly, in the increasingly accentuated limiting or even losing of sovereignty by the European democracies. With respect to the immediate influences, related to the European social and environmental policies and regulations, the debates focused on the agriculture based on genetically modified organisms (GMOs) or on the problems generated by the exploitation of shale gases emphasize their strongly controversial character.

The few observations underline to need to think this transatlantic construction from two distinct perspectives, the economic and the political one. The putting into practice of numerous laws which to harmonize the regulations regarding the traded goods and services and which to lead to the creation of a large unified transatlantic market is only one facet of the integration process. As for the European integration process, the creation of a single market in a first stage will lead, in time, to the creation of a political union, of a transatlantic Federation having as basis a common defense (which exists de facto with NATO) and unified monetary regulations. In fact, in a resolution of the European Parliament from April 25<sup>th</sup>, 2007, is mentioned that the „existing inter-parliamentary exchanges will have to be gradually transformed in transatlantic parliament

(...)”(Réseau Voltaire 2009). Or, this transatlantic partnership, regrouping members of the US Congress and of the European Parliament, will be able to constitute, if achieved, the first concrete expression of the creation of a transatlantic Federation. Also, the perspective to have a common transatlantic currency, which could be called euro-dollar, represented one of the points discussed in the meeting of the Transatlantic Economic Council of May 13<sup>th</sup>, 2008 (Hillard 2009). Such a monetary union would be, as in the case of the European integration, a logical consequence of the creation of a unified common market and of putting into practice certain transatlantic political institutions. Such a possible and probable evolution could be reasonably anticipated if we take as model the European construction started in the 1950s. We remind that the European integration project started with an economic union (the creation of the European Community of Coal and Steel in 1952) which lead then to a progressive economic and political integration (the Treaty of Rome in 1957 and the following original treaties) and which, in its turn, lead to a monetary union (adopting the euro in 1999). Thus we have several indications that the transatlantic integration will, most probably, follow the same trajectory regardless of the social and cultural consequences.

This agreement has a special global importance, is the „decisive force that shapes the world politics” (Hillard 2009, 2-3), is a turning point in the world geopolitics, is an „economic NATO” in progress (Gray 2013). Even though today it is difficult to anticipate the final form of the agreement, still, given the forces involved, it is to be expected the conclusion of a concrete treaty, in accordance with the objectives of the large multinationals, but with the ignoring or minimizing of the social, environmental and cultural implications, and especially of the a fundamental democratic principles. This seems to be the stake and the main challenge of the next year, both for the western democracy and at the level of analyses, theories and debates in the field of social sciences and European studies.

1 Transatlantic Business Dialogue is, according to the official website, a transatlantic cooperation framework between European and American companies. It is a coalition of American and European leaders, especially heads of more than 100 multinationals, whose main objective is to stimulate trade and transatlantic investments. This interest group is the first of the Euro-Atlantic institutional family that, in fact, targets the integration on term between the US and the EU. At the origin of the creation in 1995 of the already mentioned New Transatlantic Agenda, starting with 2003, the group becomes much more offensive in promoting the transatlantic market project, objective officially adopted since 2004, in the US-EU summit. It can be considered that through the adoption in 2007 of the Framework Agreement for the Promotion of the Transatlantic market, this project becomes official (Transatlantic Business Dialogue Official website).

2 Today, in within the two, the pending procedures in issues of general interest (medical patents, anti-pollution fight or laws on climate and fossil energy) bring forth for the multinationals petitions for compensations of 14 billion dollars. Among the examples, we can refer to the Philippines which had to return to the German operator Fraiport 58 million dollars, which is the equivalent of the wages of 12,500 teachers or the vaccination of 3.8 million children. Or, within ALENA, Mexico had to pay the American company Metaclade an indemnity of 15.6 million dollars for the refusal to open a site of toxic products which was contaminating the water. Also within ALENA, Canada was already targeted 30 times by North-American companies for the health and environment regulations, with penalties of 226 million dollars in total (UNCTAD, 2013). Other sources show that in the last 20 years, the number of arbitration cases increased from 38 cases in 1996 to 450 in 2011. Also, there is noted a considerable increase of the amounts

involved. Thus, in the years 2009/2010, of the total cases there are 151 arbitration cases in the field of investments in which the companies are asking states at least 100 million dollars (CEO/TNI Report2014).

3 Of course, the emerging countries do not yet represent an organized global power structure, still they manifest as a world economic and political actor, reminding through certain traits and positions of the Movement of the non-aligned countries in the years 1960 and 1970. Within this ensemble, China occupies, through its dimension, but also through its political regime, a special position. Thus, the objectives of the US geo-strategy and geo-economics are to control the increase of the economic and political power and influence of China. This surrounding will be achieved on the one hand through the Trans-Pacific Partnership, and on the other hand through the Transatlantic Trade and Investments Partnership. According to the specialists, it is very probable that TTP will be concluded before the Transatlantic Agreement, which means that the US will be in a stronghold towards the European partners to impose on the EU standards already negotiated within TTP, and which already apply within the North-American Free Trade Agreement (NAFTA).

4 We also remind that NATO is not an organization with exclusively military calling. Article 2 is essential and sends to the targeted economic objectives: The parties “will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them” (NATO Official text). Thus, the purpose is clear: the disappearance of all protectionist barriers. For this purpose, the two blocks on either side of the Atlantic each developed a free trade space (the EU, respectively NAFTA).

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