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**Problematic Issues in the Negotiations of the
Transatlantic Trade and Investment
Partnership (TTIP)**

Diplomová práce

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Abstrakt

Transatlantické obchodní a investiční partnerství (TTIP) je navrhovaná smlouva o volném obchodu mezi EU a USA. Tato diplomová práce aplikuje teorii dvoustupňové hry Roberta D. Putnama na vyjednávání smlouvy TTIP. Práce analyzuje aktivity a vliv různých zainteresovaných subjektů a faktorů v Evropské unii a Spojených státech amerických, které měly výhrady vůči TTIP, vyvíjely nátlak na hlavní vyjednavače a přispěly k zastavení vyjednávacího procesu. Tato diplomová práce ukazuje, že se argumenty evropských a amerických opozičních skupin lišily. Argumentem evropských zainteresovaných subjektů např. bylo, že TTIP ohrožuje evropské standardy; bezpečnost spotřebitelů; životní prostředí; nebo zemědělství. Evropské subjekty měly také výhrady vůči netransparentnosti vyjednávacího procesu a protestovaly proti zahrnutí doložky o ochraně investic a urovnání sporů mezi investorem a státem (ISDS) do smlouvy TTIP. Jejich aktivismus byl dále podpořen přítomností proti-Amerických sentimentů v evropské veřejnosti. Ve Spojených státech se překážky objevily již v souvislosti s rozhodnutím Kongresu udělit prezidentu Obamovi tzv. Trade Promotion Authority (TPA), která je často označována za protiústavní a netransparentní. Americké zainteresované subjekty, které se snažily brzdit schvalovací proces smlouvy TTIP, měly námitky především proti konvergenci finančních regulací; evropským návrhům týkajícím se energetiky; nebo evropskému požadavku získat plný přístup na americký trh veřejných zakázek. K zastavení vyjednávání smlouvy TTIP dále přispěly protekcionistické nálady v USA.

Abstract

The Transatlantic Trade and Investment Partnership (TTIP) is a proposed comprehensive trade and investment agreement between the European Union and the United States of America. This Master's thesis applies Robert D. Putnam's *Two-Level Game Theory* to the TTIP negotiations, as well as analyses the activities and influence of various stakeholders and factors within the EU and USA that have put pressure on the chief international negotiators and contributed to the freeze of the TTIP negotiations process. This thesis reveals that the anti-TTIP arguments of the second-level stakeholders in the European Union and United States differed. The European stakeholders opposed to TTIP because they thought that it would harm EU's relatively higher standards; consumer safety; environment; and agricultural market. They also claimed that TTIP's negotiations process was non-transparent, and they protested against the inclusion of the Investor-State Dispute Settlement Mechanism (ISDS). Their anti-TTIP campaigning was also supported by the presence of anti-American sentiments in the EU. In the USA, the main barriers to TTIP negotiations started with decision of the Congress to grant President Barack Obama the so called Trade Promotion Authority (TPA), because it is frequently designated as unconstitutional and non-transparent. The American anti-TTIP interest groups protested mainly against the convergence of financial regulations; EU's proposals for TTIP's energy chapter; and EU's requirement for full access to the U.S. procurement market. The recent anti-trade sentiments in the United States contributed to the collapse of TTIP negotiations.

Klíčová slova

Transatlantické obchodní a investiční partnerství; TTIP; Evropská Unie; Spojené státy americké; smlouvy o volném obchodě

Keywords

Transatlantic Trade and Investment Partnership; TTIP; European Union, United States of America; free trade agreements

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V Praze dne 17. 7. 2017

Natalie Cimalová

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Introduction

“Advocates and opponents of the Transatlantic Trade and Investment Partnership (TTIP) agree on very little. But both share the view that the negotiations to create a free trade agreement (FTA) between the two largest economies in the world, the European Union (EU) and the United States (US), represent a ‘game-changer’.”¹ The Transatlantic Trade and Investment Partnership (TTIP) is a proposed comprehensive trade and investment agreement between the European Union and the United States of America. The analysis of TTIP was chosen for this Master’s thesis because it has been continuously regarded as the largest and most ambitious trade and investment agreement ever negotiated between the world’s two most advanced world powers. Its intention has been to boost economic growth, create jobs, and encourage companies to be more innovative and compete abroad.² TTIP is also believed to have the potential to shift the economic power back to the transatlantic area not only because it would significantly increase its trade, investments, and GDP, but it would also enable the EU and USA to become the rule-setters for international trade and regain their global leadership.³ Therefore, TTIP is also a highly geostrategic trade agreement. This thesis applies Robert D. Putnam’s *Two-Level Game Theory* to the TTIP negotiations, as well as analyses the activities and influence of various stakeholders and factors within the EU and USA that have put pressure on the chief negotiators and contributed to the freeze of the TTIP negotiations process. This thesis reveals that the anti-TTIP arguments of the second-level stakeholders in the European Union and United States differed to a great extent. The European stakeholders opposed to TTIP because they thought that it would harm EU’s relatively higher standards; product and consumer safety; environment; and agricultural market. They also claimed that TTIP posed a threat to democracy and sovereignty of the member states, especially due to the inclusion of the Investor-State Dispute Settlement Mechanism (ISDS). They also argued that the whole negotiations process was alarmingly non-transparent. Last but not least, the recent anti-American sentiments of EU’s politicians and public also played a role in the negative development of TTIP negotiations. In the USA, the main barriers to smooth TTIP

1 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) pg. 1.

2 “About TTIP,” European Commission, accessed February 20, 2017, <http://ec.europa.eu/trade/policy/in-focus/ttip/about-ttip/impact/#_benefits>.

3 Hamilton, D. S., Pelkmans, J., *Rule-Makers or Rule-Takers?* (London: Rowman & Littlefield International, Ltd., 2015), pg. 3.

negotiations started with decision of the Congress to grant President Obama the so called Trade Promotion Authority (TPA), because it is frequently designated as unconstitutional and non-transparent. The American anti-TTIP interest groups protested mainly against the convergence of financial regulations; EU's proposals for TTIP's energy chapter; and EU's requirement for full access to the U.S. procurement market. They also argued that TTIP negotiations lacked transparency and that the agreement could weaken the democracy and sovereignty of the USA. Importantly, the recent anti-trade sentiments in the United States which increased with the election of President Donald Trump also contributed to the freeze of TTIP negotiations, because many Americans and Trump's voters believe that free trade agreements lead to lower wages and loss of jobs. The fact that Obama was not able to complete his trade initiatives before the end of his term, and the subsequent victory of Trump ultimately paralyzed TTIP negotiations. So despite having different spheres of interest, both European and American anti-TTIP stakeholders managed to effectively put pressure on the chief negotiators and contribute to the freeze of negotiations. Using Robert D. Putnam's *Two-Level Game Theory*, this thesis analyses the way European and American anti-TTIP stakeholders influenced the development of the negotiations process. However, I am aware of the fact that the thesis does not compare the strength of the individual lobbies and interventionist groups.

This thesis is divided into four chapters. The first chapter presents the state of the art, discusses the arguments for and against regional trade liberalization, and introduces Robert Putnam's *Two-Level Game Theory* which will be central to this thesis. As far as the state of the art is concerned, there are contrasting opinions on free trade agreements (FTAs) among the world's leading economists. An American economist, Daniel Griswold, belongs to the proponents of regional trade agreements (RTAs). He believes that free trade agreements increase trade competition, which leads to a greater production efficiency, wider choice for customers, lower prices, and economic growth.⁴ He also thinks that, unlike the multilateral system of the WTO, RTAs offer a faster, easier, and more efficient way of liberalizing trade.⁵ As opposed to Griswold, the economist Jagdish Bhagwati is a strong opponent of regional trade liberalization – he believes that FTAs are discriminative against third nations and thus distort the very

4 Griswold, D. T., "Free Trade Agreements Are Stepping-Stones toward Global Free Trade," *Debates in International Political Economy*, ed. Oatley, T. H. (NC: Longman, 2010), pg. 100.
5 Ibid 102.

essence of free trade.⁶ Therefore, he calls for reduction of the chaotic net of preferential trade agreements (PTAs) and for the strengthening of multilateral trade negotiations.⁷ Another author, Richard Baldwin, is known for his ‘domino theory of regionalism’ which explains the rapid proliferation of RTAs, and he also believes that regional trade liberalization always creates a certain level of discrimination and undermines the multilateral system of negotiations within the World Trade Organization (WTO).⁸

TTIP is a highly complex mega-regional trade agreement and its negotiations have been lengthy and difficult. Domestic opposition was among the main obstacles to the successful conclusion of the negotiations. Therefore, this thesis will attempt to analyze the influence of the domestic counter activism on TTIP negotiations. This analysis will be based on Robert D. Putnam’s *Two-Level Game Theory* which is also introduced in chapter one. According to this theory, negotiations of international agreements take place at two levels – international Level One, and domestic Level Two.⁹ Simultaneously, these levels are in interaction and they influence each other. At the international level, chief negotiators (e.g. political leaders, diplomats, etc.) negotiate with their counterparts.¹⁰ And at the domestic level, they have to interact with the internal pressures from various political parties, interest groups, civil society, etc., and attempt to fulfil the demands of these groups in order to stay in their political position.¹¹ So at the domestic level, various internal groups put pressure on the national government to act in their interest, and at the international level the states try to negotiate such an agreement which would best satisfy the domestic interest groups.¹² According to Putnam, there are two phases of the whole negotiation process. Firstly, a preliminary agreement is concluded at the international Level One; and secondly, there are subsequent domestic negotiations with the various domestic groups and constituencies at the Level Two.¹³ However, there is usually also an initiative at the

⁶ “CFR’s Jagdish Bhagwati Argues Against Preferential Trade Agreements in New Book; Recommends Completion of Multilateral Doha Round,” Council on Foreign Relations, July 16, 2008, accessed August 11, 2016, <<http://www.cfr.org/world/cfrs-jagdish-bhagwati-argues-against-preferential-trade-agreements-new-book-recommends-completion-multilateral-doha-round/p16798>>.

⁷ Ibid.

⁸ “Mega-regional Trade Agreements: Game-Changers or Costly Distractions for the World Trading System?,” World Economic Forum, July 2014, accessed August 11, 2016, <http://www3.weforum.org/docs/GAC/2014/WEF_GAC_TradeFDI_MegaRegionalTradeAgreements_Report_2014.pdf>, pg. 22; 26.

⁹ Putnam, Robert D., “Diplomacy and domestic politics: the logic of two-level games,” *International Organization*, Vol 42, No. 3 (Summer 1988), 434.

¹⁰ Ibid 434.

¹¹ Ibid 434.

¹² Ibid 434.

¹³ Ibid 435.

domestic level in the first place, which consequently launches the negotiations at the international Level One.¹⁴ Simultaneously, the level-two bargaining influences the level-one negotiations, and the domestic positions often develop over the course of the negotiations, which makes the whole process extremely complex.¹⁵ This happened in the case of TTIP, since the agreement had to face various kinds of opposition which gradually arose during the lengthy process of negotiations.¹⁶ This thesis will attempt to map the domestic forces in the EU and USA, and analyze and compare their impact on the TTIP international negotiations at Level One. Chapter one also presents James K. Sebenius' view of the *Two-Level Game Theory*, which is in agreement with Putnam's approach. The chapter will also introduce the perspective of the author Davide Bonvicini who claims that Putnam's *Two-Level Game Theory* is not capable of accurately predicting the development of international negotiations.¹⁷ According to Bonvicini, Putnam's theory cannot be applied to the negotiations in the EU where in fact a three-level game takes place.¹⁸

Chapter two focuses on the economic relations between the United States and the European Union, as well as on the basic tenets of TTIP. The diplomatic relations between the EU and USA were established in 1953.¹⁹ The 1990 Transatlantic Declaration formalized the relations and established a formal political dialogue related to economic cooperation (in addition to other issues).²⁰ In this Declaration, the U.S. and EU made the commitment to support economic growth, employment, trade liberalization, and the principles of the General Agreement on Tariffs and Trade (GATT), etc.²¹ In 1995, the New Transatlantic Agenda (NTA) was adopted, in which the U.S. and the EU declared their intention to create a New Transatlantic Marketplace, which would increase their mutual trade and investments.²² In 1998, the Transatlantic Economic Partnership (TEP) was concluded. TEP aimed to establish mutual alignment

14 Ibid 435.

15 Ibid 435.

16 Ibid 435.

17 Bonvicini, Davide, et al., *Playing Three-Level Games in the Global Economy: Case Studies from the EU*, (Belgium: College of Europe, April 2008), pg. 9.

18 Ibid 9.

19 "Fact Sheet: U.S.-EU Cooperation," The White House, March 26, 2014, accessed October 25, 2016.

<<https://www.whitehouse.gov/the-press-office/2014/03/26/fact-sheet-us-eu-cooperation>>.

20 "EU-US Relations," Ministry of Foreign Affairs, Republic of Poland, accessed October 25, 2016,

<http://www.mfa.gov.pl/en/foreign_policy/other_continents/north_america/bilateral_relations/tytul_strony>.

21 "Transatlantic Declaration of 1990," The United States Mission to the European Union, accessed October 25, 2016, <https://useu.usmission.gov/1990transatlantic_declaration.html>.

22 "New Transatlantic Agenda," United States Mission to the European Union, accessed October 26, 2016, <https://useu.usmission.gov/new_transatlantic_agenda.html>.

of standards connected to goods and services, support the multilateral trade liberalization within the WTO, and address issues, such as: dispute settlement, intellectual property, labor standards, procurement, etc.²³ Finally, in 2013, the U.S. and the EU launched negotiations of the Transatlantic Trade and Investment Partnership (TTIP).²⁴ This chapter also presents an overview of the current economic indicators; trade in goods and services, and foreign direct investment between the United States and the European Union – the two largest economies of the world, which together account for almost 50 % of the global GDP and one third of the world’s trade in goods and services, and whose production is significant in terms of its high value added.²⁵

Chapter two introduces the background and basic information about the Transatlantic Trade and Investment Partnership. It explains that one of the reasons for shifting the focus from the multilateral trade negotiations within GATT/WTO towards the transatlantic trade agreement was the failure of the 2001 Doha Round and the assumption that the multilateral system is too cumbersome.²⁶ It has also been believed by many that TTIP could shift the geostrategic power from Asia, in particular China, back to the transatlantic area.²⁷ Moreover, TTIP could also enable the EU and the U.S. to set international trade rules and standards, and thus become leaders of the international economic order. It was predicted that TTIP would increase the size of the EU economy by 0.5 % of the GDP, and the size of the U.S. economy by 0.4 % of the GDP.²⁸ Due to the fact that most tariffs on trade in goods and services between the EU and the U.S. are already very low, TTIP’s main ambition lied in the harmonization of standards. However, tariff barriers are still high for example in case of agriculture or textile.²⁹ Therefore, due to the size of both economies, further elimination of tariffs in these areas would still significantly increase the volume of trade.³⁰

23 “The U.S.-EU Partnership,” United States Mission to the European Union, accessed October 27, 2016, <https://useu.usmission.gov/transatlantic_relations.html>.

24 “Fact Sheet: U.S.-EU Cooperation,” The White House, March 26, 2014, accessed October 25, 2016, <<https://www.whitehouse.gov/the-press-office/2014/03/26/fact-sheet-us-eu-cooperation>>.

25 “European Union,” Office of the United States Trade Representative, accessed October 27, 2016, <<https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>>.

26 Griswold, D. T., “Free Trade Agreements Are Stepping-Stones toward Global Free Trade,” *Debates in International Political Economy*, ed. Oatley, T. H. (NC: Longman, 2010), pg. 101.

27 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) pg. 5.

28 “Transatlantic Trade and Investment Partnership: The Economic Analysis Explained,” European Commission, September 2013, accessed February 20, 2017, <http://trade.ec.europa.eu/doclib/docs/2013/september/tradoc_151787.pdf>, pg. 6.

29 Hamilton, D. S., Pelkmans, J., *Rule-Makers or Rule-Takers?* (London: Rowman & Littlefield International, Ltd., 2015), pg. 8.

30 Ibid 8.

Despite the aforementioned gains from TTIP, the agreement has faced strong opposition, predominantly from various NGOs, civil society groups, political parties, lobbyists, etc. Both in the EU and USA, these activists at the Level Two have been able to influence and shape the negotiations at the international Level One, and have contributed to the freeze of the negotiations process. Chapter three of this thesis focuses on the activities of the level-two actors in the EU and analyses the way they influenced the level-one negotiators and shaped the development of TTIP. The chief level-one negotiator in the European Union is the European Commission. Due to the fact that TTIP includes elements that are beyond the competence of the European Union, it is a mixed agreement which has to be ratified by the member states as well.³¹ From the beginning of the negotiations in 2013, the Commission regarded the communication on TTIP with various stakeholders at the member-state level as crucial for eliminating potential public concerns and for a successful conclusion of the agreement.³² Therefore, its communication strategy aimed at promoting the benefits of TTIP via public opinion monitoring, use of media, etc.³³ The Commission also identified the main issues that had to be closely watched during the negotiations process. This included, for example, pacifying the fear that EU standards could be harmed; emphasizing transparency of the negotiations and giving the stakeholders room to express their opinions; the necessity for the EU to speak unanimously and carefully observe the positions of politicians in the member states; and highlighting the geostrategic importance of the agreement.³⁴ But despite the Commission's communication strategy, the chief negotiators have faced a massive backlash from various second-level actors.

The individual EU countries that became rather disapproving of TTIP in their reaction to the rise of the inter-state opposition were especially Germany and Austria.³⁵ It was particularly the right-wing populist parties, such as the Alternative for Germany or the Freedom Party of Austria, that expressed the opinions of the civil society groups and assumed a strictly rejectionist attitude toward TTIP.³⁶ Such parties have been mainly

31 "New study: ratification of TTIP and CETA in the EU member states," Stop TTIP, accessed March 7, 2017, <https://stop-ttip.org/ttip-study-ratification/?noredirect=en_GB>.

32 "Leaked European Commission PR strategy 'Communicating on TTIP,'" Corporate Europe Observatory, November 25, 2013, accessed March 7, 2017, <<https://corporateeurope.org/trade/2013/11/leaked-european-commission-pr-strategy-communicating-ttip>>.

33 Ibid.

34 Ibid.

35 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 104.

36 "Wer TTIP und CETA nicht will, muss AfD wählen," Alternative für Deutschland, May 4, 2016, accessed March 11, 2017, <<http://afd-fraktion-sachsen.de/presse/pressemitteilungen/wer-ttip-und-ceta-nicht-will-muss-afd-waehlen.html>>. "Who is Norbert Hofer and Should Europe Be Worried About Him Becoming President of Austria,"

using anti-TTIP arguments related to consumer safety, environmental protection, rights of employees, and culmination of power in the hands of political elites and corporations. Moreover, the members of the European Parliament also had to take a clear stand on TTIP and act on the basis of the preferences of their domestic voters. This was exemplified in 2014 when Jean-Paul Juncker ran for the presidency of the European Commission for the European People's Party which had a pro-TTIP stance. Juncker had to make a compromise in relation to the TTIP opposition in order to win in the elections, and he said that he would never allow for negotiations about potential lowering of EU standards.³⁷ This is one of the examples of how the level-two actors influenced the level-one negotiators and shaped the international negotiations process.

TTIP has also faced strong opposition from multiple non-governmental interest groups in the EU. Based on the arguments of these organizations as well as on the public discourse, it came out that the most important TTIP-related topics for Europeans are: consumer and environmental protection, fear of lowering standards, sovereignty of the member states (especially in connection with ISDS), democracy, a high level of secrecy of the negotiations, and the culmination of power in the hands of big corporations. In the public discourse, there have frequently been used certain iconic terms related to these issues. These include, for example, the importation of 'chlorinated chicken' and hormone-treated foods³⁸, or the usage of the controversial American method of gas fracking in the EU.³⁹ Europeans have been especially concerned about the U.S. requirement to gain greater access to the EU agricultural market, as they fear the influx of GMOs and lower-standard products.⁴⁰ Interest groups in the EU have also strongly opposed the inclusion of the ISDS in TTIP, because they often believe that it would weaken the countries' national sovereignty as it would give investors and big corporations the right to sue individual member states.⁴¹ Moreover, the recent anti-American sentiments in the EU as well as effective use of social media have also helped the anti-TTIP organizations to block the negotiations. The level-one negotiators underestimated the importance of the debate on social media and failed to strategically

The Telegraph, May 23, 2016, accessed March 11, 2017, <<http://www.telegraph.co.uk/news/2016/05/22/who-is-norbert-hofer-and-should-europe-be-worried-about-him-beco/>>.

37 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, 104.

38 Ibid 103.

39 Ibid 116.

40 Stokes, Bruce, "Is Europe on board for a new trade deal with the U.S.?", *Pew Research Center*, January 29, 2015, accessed March 11, 2017, <<http://www.pewresearch.org/fact-tank/2015/01/29/is-europe-on-board-for-a-new-trade-deal-with-the-u-s/>>.

41 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 103.

respond to it, which very likely contributed to the success of the level-two actors in stalling TTIP negotiations.⁴²

It is important to mention that the EU's second-level actors assume a normative approach which highly politicizes the economic agreements and makes it difficult for the level-one negotiators to promote the trade deals in terms of their economic benefits.⁴³ The activities of the EU's level-two organizations have substantially influenced EU's level-one negotiators. In 2014, the European Commissioner for Trade, Cecilia Malmström, complied with the public requirements and announced a 'fresh start' to the TTIP negotiations which aimed to make the process more transparent, release more negotiations documents, launch open discussions on investment protection, and include civil society in the negotiations.⁴⁴ This indicates that the level-one negotiators did not manage to depoliticize TTIP or make the agreement attractive to the public through highlighting its economic benefits.⁴⁵ Rather, the chief negotiators had to constantly use defensive arguments and make multiple concessions to the second-level anti-TTIP actors.⁴⁶

Even though the European opposition to TTIP has been loud and effectively organized, one must not neglect the importance of the opposition in the United States. Chapter four focuses on the situation in the USA, where the level-one TTIP negotiator is the Office of the United States Representative (USTR). The U.S. Congress and the executive branch share the authority over trade policies and negotiating trade agreements.⁴⁷ The ratification of TTIP is also dependent on whether Congress grants the President the so called Trade Promotion Authority (TPA), in other words 'fast track' to approval.⁴⁸ TPA allows the President to negotiate trade agreements and present their proposals to the Congress that can either approve or dismiss them without the option to

42 Ciofu, S. M., Stefanuta, N., "TTIP, the Bullied Kid of Twitter," *Georgetown Public Policy Review*, January 14, 2016, accessed March 20, 2017, <<http://gppreview.com/2016/01/14/ttip-twitter-and-how-social-media-is-defining-the-public-argument/>>.

43 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 95.

44 "TTIP 'fresh start' means more clarity, debate, and realism, Malmström tells MEPs," European Parliament, December 3, 2014, accessed March 20, 2017, <<http://www.europarl.europa.eu/news/en/news-room/20141201IPR81714/ttip-%E2%80%9Cfresh-start%E2%80%9D-means-more-clarity-debate-and-realism-malmstr%C3%B6m-tells-meps>>.

45 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016), 117.

46 Ibid. 118.

47 Deardorff, A. V., Stern, R. M., *Constituent Interests and U.S. Trade Policies*, (Michigan: The University of Michigan Press, 1998) 11.

48 Fergusson, Ian F., "Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy," *Congressional Research Service*, June 15, 2015, accessed May 8, 2017, <<https://fas.org/sgp/crs/misc/RL33743.pdf>>, pg. 1.

make any amendments.⁴⁹ In June 2015, the Republican-led Congress granted Obama the TPA.⁵⁰ Interestingly, it was mainly the Democrats who voted against giving ‘fast track’ to Obama.⁵¹ The opponents to TPA often argue that it is unconstitutional because it undermines the separation of congressional and executive powers,⁵² and that it lacks transparency and prevents Congressmen from being fully informed about the negotiated trade issues.⁵³ But it is important to highlight the fact that the level-one arguments against the TPA and TTIP are not the same. On the other hand, the supporters of ‘fast track’, such as business stakeholders, claim that it advances negotiations of trade deals and effectively creates new market opportunities for the U.S. companies, and supports economy and job creation.⁵⁴ On June 12, 2015, 191 Republicans and 28 Democrats in the House of Representatives voted for the decision to grant Obama the TPA.⁵⁵ This vote revealed the fact that the Democrats in Congress are currently less supportive of ‘fast track’. One reason for their position is the argument that free trade agreements can decrease wages and the number of jobs.⁵⁶ Therefore, the Democrats are often not in favor of TPA because they fear losing the votes of the labor unions or the single-issue voter.⁵⁷ Importantly, the significant problems at the Level One in the United States occurred already in relation to the TPA and the related distribution of power between the Congress and the President. The opponents of TTIP opposed to the TPA at Level One because they perceived it as a powerful tool for acceleration and ease of the negotiations that would inevitably lead to the conclusion of TTIP.

Chapter four focuses on the anti-TTIP level-two stakeholders in the United States. These actors were concerned with areas such as procurement, energy, financial

49 Ibid 9.

50 “Congress renews ‘fast track’ trade authority,” USA TODAY, June 24, 2015, accessed May 8, 2017, <<https://www.usatoday.com/story/news/politics/2015/06/24/congress-renews-fast-track/29226629/>>; Congressional Trade Priorities and Accountability Act of 2015,” Congress.gov, accessed May 8, 2017, <<https://www.congress.gov/bill/114th-congress/senate-bill/995/text>>.

51 Ibid.

52 Greyson, A., Fein, B., “The ‘Fast Track’ Trade Bill Assaults the Constitution,” *Huffington Post*, June 23, 2016, accessed June 1, 2017, <http://www.huffingtonpost.com/rep-alan-grayson/the-fast-track-trade-bill_b_7643656.html>.

53 Flynn, Sean, “Trade Promotion Authority Bill Falls Short of Ensuring Transparency and the Public Interest,” *infojustice.org*, January 10, 2014, accessed June 1, 2017, <<http://infojustice.org/archives/31877>>.

54 “Trade Promotion Authority (TPA),” Coalition of Services Industries, accessed June 3, 2017, <<https://servicescoalition.org/services-issues/trade-promotion-authority-tpa>>. “Trade Promotion Authority (TPA) Facts,” U.S. Chamber of Commerce, June 3, 2017, <<https://www.uschamber.com/trade-promotion-authority-tpa-facts>>.

55 Nash-Hoff, Michele, “Boehner and his ‘Lieutenants’ Battle for International Corporate Elite,” *IndustryWeek*, June 16, 2015, accessed May 8, 2017, <<http://www.industryweek.com/legislation/boehner-and-his-lieutenants-battle-international-corporate-elite>>.

56 Scher, Bill, “Why Democrats Are Schizo on Trade,” *Politico Magazine*, June 15, 2015, accessed June 4, 2017, <<http://www.politico.com/magazine/story/2015/06/tpa-house-vote-elizabeth-warren-democrats-119025>>.

57 Ibid.

regulations, TPA, American sovereignty, independence, or loss of jobs. One of the U.S. second-level actors is, for example, The John Birch Society which is a far-right organization putting an emphasis on strengthening American sovereignty and independence.⁵⁸ The election of Donald Trump has expanded the audience for the John Birch Society, giving it greater power to influence and potentially mobilize its readers against TTIP.⁵⁹ Similarly to the EU opposition, The John Birch Society claims that the fact that business lobbyists have greater access to the negotiating texts than the elected representatives poses a serious danger to U.S. democracy.⁶⁰

One of the main controversial issues related to TTIP from the perspective of Americans is EU's proposals about energy and raw materials.⁶¹ Their main objection was that the inclusion of energy chapter proposed by the Europeans in TTIP could cause increased exports of U.S. oil and gas, without being preceded by a proper democratic process.⁶² They also disagreed with the proposed energy chapter because greater exports of U.S. natural gas would also have a negative impact on the environment due to an increased use of the gas fracking method.⁶³

Another issue that the U.S. second-level interest groups opposed to was the EU's proposal for the TTIP procurement chapter. This is due to the fact that the EU required full access to the American procurement market on all levels. However, the 'Buy America' law demands that the goods and services that the U.S. procurement buys, must be at least partly American-made, and that construction must be partially done in the United States.⁶⁴ This law creates serious complications for the European suppliers and the EU wanted to remove them via its TTIP procurement proposals.⁶⁵ Americans have also opposed to the EU proposals to converge banking regulations through TTIP

58 "The Strategic Importance of Stopping the Free Trade Agenda," JBS News, August 26, 2014, accessed May 10, 2017, <<https://www.jbs.org/jbs-news/legislation/item/14378-the-strategic-importance-of-stopping-the-free-trade-agenda>>.

59 Collar, Jim, "Political Climate Puts John Birch Society Back in Focus," *USA Today*, September 16, 2016, accessed May 10, 2017, <<https://www.usatoday.com/story/news/politics/elections/2016/09/16/john-birch-society-rise/90502232/>>.

60 Jasper, W. F., "10 Reasons Why You Should Oppose TPP and TTIP," *The New American*, June 5, 2015, accessed May 15, 2017, <<https://www.thenewamerican.com/usnews/constitution/item/21010-10-reasons-why-you-should-oppose-obamatrade>>.

61 Physicians for Social Responsibility, July 2014, accessed May 15, 2017, <<http://www.psr.org/assets/pdfs/ttip-letter.pdf>>.

62 Ibid.

63 Ibid.

64 "Kryštof Kruliš: EU a USA se liší, úplného sjednocení standardů by v TTIP nešlo dosáhnout," *EurActiv.cz*, June 13, 2016, accessed May 14, 2017, <<http://euractiv.cz/rozhovory/obchod-a-export/krystof-krulis-eu-a-usa-se-lisi-sjednoceni-standardu-by-v-ramci-ttip-neslo-dosahnout-013353/>>.

65 "TTIP edges forward, buoyed by votes in U.S. Congress and EU Parliament," The European Institute, July 2015, accessed May 14, 2017, <<https://www.europeaninstitute.org/index.php/ei-blog/263-july-2015/2057-ttip-edges-forward-buoyed-by-votes-in-u-s-congress-and-eu-parliament-7-17>>.

because they are concerned that it could harm the 2010 Dodd-Frank Street Reform and Consumer Protection Act which promotes stability, accountability, and transparency in the U.S. financial system.⁶⁶ The U.S. also disapproves of the EU's precautionary principle, claiming that it is a form of protectionism.⁶⁷

Another second-level factor in the United States which very likely contributed to the freeze of TTIP negotiations are anti-trade sentiments of Americans which have increased with the election of President Trump who frequently uses protectionist and nationalist arguments.⁶⁸ Therefore, many Americans have the perception that free trade agreements lead to lower wages and job losses.⁶⁹ But they often do not fully realize that free trade actually widens the product choice for consumers and lowers the prices of goods and services due to greater competition. Nevertheless, the final dismissal of TTIP negotiations in the USA occurred at the Level One due to Obama's failure to successfully implement his trade policies before the end of his term and due to the subsequent victory of Trump who inclines to protectionism. In order to be elected, Donald Trump also had to adjust to his voters at Level Two who are frequently afraid that free trade agreements would lead to a further loss of jobs for Americans. This concerns, for example, the white working class and their demand for the return of manufacturing jobs. However, it is necessary to realize that offshoring is not the only reason for the disappearance of these jobs because many of them have been simply automated.

⁶⁶ Ibid.

⁶⁷ "Trans-Atlantic Trade Talks Seen as Anti-Consumer," DW, July 8, 2013, accessed May 14, 2017,

<<http://www.dw.com/en/trans-atlantic-trade-talks-seen-as-anti-consumer/a-16874500>>.

⁶⁸ Stokes, Bruce, "Republicans, especially Trump supporters, see free trade deals as bad for U.S.," *Pew Research Center*, March 31, 2016, accessed May 21, 2017, <<http://www.pewresearch.org/fact-tank/2016/03/31/republicans-especially-trump-supporters-see-free-trade-deals-as-bad-for-u-s/>>, pg. 1.

⁶⁹ Ibid 1.

1. State of the Art and Robert D. Putnam's *Two-Level Game Theory*

1.1 Arguments For and Against Free Trade Agreements: Griswold, Bhagwati, Baldwin

In the 1990s, there was a rapid increase in regional trade agreements (RTAs) which include free trade agreements (FTAs) and customs unions.⁷⁰ This era was characterized by the expansion of trade liberalization, the collapse of the USSR, and the demise of communism in Central and Eastern Europe. There emerged new free economies in need of trade partners, while other democracies continued to intensify liberalization. For example, the countries of Central and Eastern Europe were on their way towards entering the EU market, and companies in Canada, USA, and Mexico signed the North American Free Trade Agreement (NAFTA). Open markets enabled further economic growth, returns to scale, and higher effectiveness as a result of competition, and a greater choice for consumers. Regional economic integration was necessary both for economic and political stability.

In case of FTAs, states reduce tariffs on imports from their FTA partners.⁷¹ However, each FTA member can at the same time have independent tariffs on imports from states that are not FTA members.⁷² Free trade agreements enable countries to utilize their competitive advantage, i.e. they can focus on the production of what they are best at, and then trade it for products other states produce best.⁷³ This leads to prosperity, greater product choice, competition, and innovation. Members of so called customs unions establish a FTA and common external tariffs on imports from third countries.⁷⁴ An example of a customs union is the European Union. Proponents of RTAs believe that such agreements will lead to a global liberalization of trade by reducing tariff barriers between states.⁷⁵ Daniel Griswold, an American economist and an advocate of FTAs, claims in the article "Free-Trade Agreements: Stepping-Stones to a More Open World," that such agreements stimulate a more effective production and

70 "Regional Trade Agreements and Preferential Trade Arrangements," World Trade Organization, August 4, 2016, accessed August 11, 2016, <https://www.wto.org/english/tratop_e/region_e/rta_pta_e.htm>.

71 Griswold, D. T., "Free Trade Agreements Are Stepping-Stones toward Global Free Trade," *Debates in International Political Economy*, ed. Oatley, T. H. (NC: Longman, 2010), pg. 95.

72 Ibid 95.

73 "Comparative Advantage," World Trade Organization, August 4, 2016, accessed August 11, 2016, <https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact3_e.htm>.

74 Griswold, D. T., "Free Trade Agreements Are Stepping-Stones toward Global Free Trade," *Debates in International Political Economy*, ed. Oatley, T. H. (NC: Longman, 2010), pg. 95.

75 Ibid 96.

increase import competition, which leads to a wider product choice, workers' productivity, higher quality, lower prices, and economic growth.⁷⁶ Griswold also states that, unlike long multilateral negotiations within WTO, pursuing bilateral and regional agreements is a faster and more effective way of trade liberalization.⁷⁷ Griswold also believes that FTAs help developing countries adopt economic reforms and signal their interest in liberalization of trade.⁷⁸ Not only are bilateral or smaller regional trade agreements less difficult to adopt, they are also more meaningful in areas of sanitary and phytosanitary regulations, labor and environmental standards, electronic commerce, etc., and they can also provide guidance and examples for other agreements.⁷⁹ Nowadays, there are 267 regional trade agreements that are currently in force.⁸⁰

As opposed to Griswold, there are, however, also critics of free trade agreements. For example, the well-known economist Jagdish Bhagwati believes that FTAs, RTAs, and customs unions in fact represent Preferential Trade Agreements (PTAs) which are highly ineffective because they interfere in the very essence of free trade and distort multilateral trading.⁸¹ In his book, *Termites in the Trading System: How Preferential Agreements Undermine Free Trade*, Bhagwati claimed that PTAs destroy the efforts of the International Monetary Fund, the World Bank, and the WTO, to establish a global nondiscriminatory trading system.⁸² Bhagwati wrote that “[...] such discriminatory trade arrangements could divert trade from efficient, low-cost nonmembers to inefficient, higher cost member-country suppliers because the latter no longer had to pay the tariff duties that were still imposed on the former.”⁸³ Bhagwati described the chaotic system of PTAs as follows: “Crisscrossing PTAs, where a nation has multiple PTAs with other nations, each of which then had its own PTAs with yet other nations, was inevitable. Indeed, if one only mapped the phenomenon, it would remind one of a child scrawling a number of chaotic lines on a sketch pad [...] [or] the

76 Ibid 100.

77 Ibid 102.

78 Ibid 103.

79 Ibid 103.

80 “Regional Trade Agreements,” World Trade Organization, August 4, 2016, accessed August 11, 2016,

<https://www.wto.org/english/tratop_e/region_e/region_e.htm>.

81 “CFR’s Jagdish Bhagwati Argues Against Preferential Trade Agreements in New Book; Recommends Completion of Multilateral Doha Round,” Council on Foreign Relations, July 16, 2008, accessed August 11, 2016,

<<http://www.cfr.org/world/cfrs-jagdish-bhagwati-argues-against-preferential-trade-agreements-new-book-recommends-completion-multilateral-doha-round/p16798>>.

82 Ramrattan, L., Szenberg, M., “Review: Termites in the Trading System: How Preferential Agreements Undermine Free Trade by Jagdish Bhagwati”, *The American Economist*, Vol. 52, No. 2 (Fall 2008), pg. 87.

83 Ibid 87.

‘spaghetti bowl’ phenomenon and problem [...].”⁸⁴ Bhagwati believes that in order to fight trade discrimination, it is necessary to prevent creation of new PTAs and reduce the preferences in the existing ones; conduct multilateral trade negotiations and complete the Doha Round; as well as remove the chaos of the so called ‘spaghetti bowl.’⁸⁵

Another author, who offers an explanation for the proliferation of regional trade liberalization, is Richard Baldwin. In his work *A Domino Theory of Regionalism*, Baldwin challenges the widespread claim that RTAs have become so popular because the multilateral trade system is too complex and difficult to implement.⁸⁶ Baldwin says that the recent trade regionalism was triggered by the U.S.-Mexico FTA and the European Commission’s 1992 programme which “had nothing to do with GATT’s health”.⁸⁷ According to Baldwin, these events were followed by a multiplying domino effect.⁸⁸ Baldwin defines this domino effect as follows:

Political equilibria, which balance anti- and pro-membership forces, determine governments' stances on regional liberalization. Domestic exporters to regional blocs are a powerful pro-membership constituency. An event that triggers closer integration within an existing bloc harms the profits of nonmember exporters, thus stimulating them to boost their pro-membership political activity. The extra activity alters the political equilibrium, leading some countries to join. This enlargement further harms nonmember exporters since they now face a disadvantage in a greater number of markets. This second round effect brings forth more pro-membership political activity and a further enlargement of the bloc. The new political equilibrium is marked by larger regional trading blocs. In the meantime regionalism appears to spread like wildfire.⁸⁹

Richard Baldwin also belongs to the critics of the aforementioned chaotic ‘spaghetti bowl’; and generally believes that RTAs always create a certain level of discrimination against third countries, as well as undermine the World Trade Organization (WTO).⁹⁰

⁸⁴ Bhagwati, Jagdish, “Why PTAs Are a Pox on the World Trading System”, *Debates in International Political Economy*, ed. Oatley, T. H. (NC: Longman, 2010), pg. 109.

⁸⁵ Ramrattan, L., Szenberg, M., “Review: Termites in the Trading System: How Preferential Agreements Undermine Free Trade by Jagdish Bhagwati”, *The American Economist*, Vol. 52, No. 2 (Fall 2008), pg. 89.

⁸⁶ Baldwin, Richard, “A Domino Theory of Regionalism,” *National Bureau of Economic Research*, (MA, Cambridge: 1993), accessed August 11, 2016, <<http://www.nber.org/papers/w4465.pdf>>, pg. 2.

⁸⁷ *Ibid* 2.

⁸⁸ *Ibid* 2.

⁸⁹ *Ibid* 2.

⁹⁰ “Mega-regional Trade Agreements: Game-Changers or Costly Distractions for the World Trading System?”, World Economic Forum, July 2014, accessed August 11, 2016, <http://www3.weforum.org/docs/GAC/2014/WEF_GAC_TradeFDI_MegaRegionalTradeAgreements_Report_2014.pdf>, pg. 22; 26.

The earlier generation of trade agreements predominantly aimed to eliminate custom duties (or tariffs) and quotas.⁹¹ The so called new generation of free trade agreements deals with deeper and more comprehensive aspects of international trade. One of the first and the largest free trade agreements of this type is NAFTA, which entered into force on January 1, 1994, and apart from trade with goods, deals also with services, investment, or dispute settlement. In the group of even more recent regional trade agreements are included the Comprehensive Economic and Trade Agreement (CETA), the Transatlantic Trade and Investment Partnership (TTIP), and the Trans-Pacific Partnership (TPP), which are even more complex and deepen the principles of NAFTA. Apart from tariff barriers, the new generation of agreements mainly focuses on non-tariff barriers.⁹² This concerns regulatory standards, such as “technical barriers to trade; sanitary and phytosanitary measures; domestic regulation of financial services; competition policy; data protection; environmental protection; and labor standards.”⁹³

TTIP belongs to the most recent new-generation mega-regional trade agreements, and this thesis will attempt to compare the character of the TTIP negotiations in the European Union and in the United States. With the use of Robert D. Putnam’s *Two-level game theory*, this thesis will analyze the factors in the EU and USA that contributed to the freeze of the TTIP negotiations.

91 Bendini, R., “The Future of the EU Trade Policy,” *European Parliament’s Online Database, ‘Think Tank’*, (Brussels: European Parliament, 2015), accessed September 6, 2016, <[http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549054/EXPO_IDA\(2015\)549054_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/549054/EXPO_IDA(2015)549054_EN.pdf)>, pg. 15.

92 Ibid 15.

93 Young, A. R., “Liberalizing Trade, Not Exporting Rules: the Limits to Regulatory Co-ordination in the EU’s ‘New Generation’ Preferential Trade Agreements,” *Journal of European Public Policy*, May 2015, Vol. 22, pg. 1254.

1.2 Two-level Game Theory by Robert D. Putnam

Since TTIP deals with more than twenty areas of interest, the overall negotiations tend to be lengthier and reaching a consensus becomes increasingly difficult. One of the main challenges that the agreement faces, is the existence of internal forces and constituencies in the EU and USA which stand in strong opposition to such trade deals. Therefore, this thesis will attempt to analyze the impacts of the domestic opposition on TTIP negotiations. Since the main focus of this thesis will be an analysis of the problems in negotiations, the main state of the art providing theoretical basis for this thesis includes the articles “Diplomacy and domestic politics: the logic of two-level games” by Robert D. Putnam, and the article “Level Two Negotiations: Helping the Other Side Meet Its ‘Behind the Table Challenges’” by James K. Sebenius. Both of these analyze the interaction of domestic and international factors within the negotiations.

In the article “Diplomacy and domestic politics: the logic of two-level games,” Putnam describes international negotiations as a two-level game – at the domestic level, various interest groups put pressure on the national government to act in their favor, while at the international level, states try to negotiate conditions which would best satisfy the internal pressures.⁹⁴ Putnam speaks about the complexity of the two-level games, because political leaders have to know how to negotiate with actors at both levels.⁹⁵ At the international level, political leaders have to interact with their counterparts and diplomats, and at the domestic level they are surrounded by members of parliament, domestic agencies, and interest groups, all of which they need to satisfy in order to keep their political position.⁹⁶ Putnam breaks down the whole negotiation process into two stages: firstly, the negotiators adopt a preliminary deal at the international level (Level One); and secondly, there follow domestic negotiations with various groups and constituencies, which determine whether the agreement will be ratified or not (Level Two).⁹⁷ But in the first place, there typically has to be an initiative and discussions at the domestic level which will consequently trigger level-one negotiations and draft the positions of the negotiators.⁹⁸ At the same time, the level-two

⁹⁴ Putnam, Robert D., “Diplomacy and domestic politics: the logic of two-level games,” *International Organization*, Vol 42, No. 3 (Summer 1988), pg. 434.

⁹⁵ Ibid 434.

⁹⁶ Ibid 434.

⁹⁷ Ibid 435.

⁹⁸ Ibid 435.

bargaining and ratification process inevitably shapes the level-one negotiations.⁹⁹ Putnam states that sometimes the domestic views develop during the negotiations, which makes the whole process more complicated.¹⁰⁰ This is, however, the case of TTIP, as many objections have been gradually raised over the lengthy course of negotiations.¹⁰¹

The ratification at the Level Two is nowadays a highly democratic process which typically requires a voting procedure.¹⁰² For example, in case of TTIP, the outcome of the level-one negotiations has to be ratified by the national parliaments of the EU member states, as well as by the European Parliament. However, there are many other level-two actors, such as labor unions, bureaucratic agencies, or social classes, that influence the level-two bargaining.¹⁰³ The complexity of the two-level games also lies in the fact that the tentative agreement adopted at Level One and presented to the domestic level for ratification, cannot be modified or amended at Level Two.¹⁰⁴ So in case such a preliminary deal is rejected at the domestic level, it must be reopened and renegotiated at Level One again.¹⁰⁵

Putnam also defines the so called “win-set” for a constituency at Level Two as “[...] the set of all possible Level I agreements that would ‘win’ – that is, gain the necessary majority among the constituents – when simply voted up or down.”¹⁰⁶ Therefore, the win-sets play a key role in the level-one negotiations. In this context, Putnam states that the larger the win-sets are, the more likely it is for a level-one agreement to be successfully negotiated.¹⁰⁷ This is because every level-one agreement must be in keeping with all level-two win-sets.¹⁰⁸ And the larger the win-sets are, the more likely they overlap, which makes it easier for an agreement to be successful.¹⁰⁹ In contrast, the negotiations are more likely to fail, when win-sets are small.¹¹⁰

99 Ibid 435.

100 Ibid 435.

101 Ibid 435.

102 Ibid 436.

103 Ibid 436.

104 Ibid 437.

105 Ibid 437.

106 Ibid 437.

107 Ibid 437.

108 Ibid 437.

109 Ibid 437.

110 Ibid 437.

In case the ratification process fails, Putnam distinguishes between so called voluntary defection and involuntary defection.¹¹¹ Voluntary defection stands for a situation when a politician egotistically does not keep his or her promises and decides to defect, purposely using the lack of enforceability of contracts.¹¹² On the other side, involuntary defection refers to the inability of politicians to keep their promises due to an unsuccessful ratification.¹¹³ In other words, involuntary defection reflects general problems of deliverability of a promise, rather than an intentional default on it. Therefore, Putnam states that the reliability of politicians' promises within two-level games tends to be low due to the general uncertainty of ratification.¹¹⁴ Nevertheless, both voluntary and involuntary defections pose a threat to the negotiation process, and sometimes it is even difficult to clearly distinguish between the two due to a negotiator's intentional masking of a voluntary defection by presenting it as an involuntary defection.¹¹⁵ This area is an issue of reputation and credibility.¹¹⁶ According to Putnam, a negotiator's ability to make deals at Level One, is confirmed by his or her capability of delivering it at Level Two.¹¹⁷ In this context, Putnam also reminds that smaller win-sets naturally increase the risk of involuntary defection.¹¹⁸

Another important argument that Putnam makes is that "[...] the relative size of the respective Level Two win-sets will affect the distribution of the joint gains from the international bargain."¹¹⁹ This means that a negotiator can also use a small domestic win-set to his or her advantage at Level One. Specifically, the negotiators can, for example, make a complaint about the domestic constraints, saying: "I'd like to accept your proposal, but I could never get it accepted at home."¹²⁰ So the difficulties of ratification at Level Two can also be exploited by negotiators, and give them certain bargaining power and space for manipulation.

Putnam also defines the circumstances which determine the size of a win-set. Firstly, he states that "[the] size of the win-set depends on the distribution of power, preferences, and possible coalitions among Level II constituents."¹²¹ For example, for

111 Ibid 438.

112 Ibid 438.

113 Ibid 438.

114 Ibid 439.

115 Ibid 439.

116 Ibid 439.

117 Ibid 439.

118 Ibid 439.

119 Ibid 440.

120 Ibid 440.

121 Ibid 442.

some constituents the costs from not adopting an agreement are lower in comparison to others, and therefore they tend to be less supportive of level-one deals.¹²² The win-set size then depends on the size of the constituents in favor of an international agreement and those standing in opposition.¹²³ In the context of international political economy, the smaller countries with open economies (which are e.g. more dependent on imports of raw materials) are more likely to favor an international trade deal, as opposed to the more self-supporting states, such as the USA.¹²⁴ Putnam states that sometimes, the possibility of no agreement at all, is the only conflict among the level-two constituents, because their general interests are homogenous.¹²⁵ Here, the main challenge is the differing expectations of the constituencies and the deliverable outcome.¹²⁶ On the other side, the negotiations get more complex when the constituents' interests are heterogeneous.¹²⁷ For example, both bankers and unions might disagree with an international reflation, because the former will regard it as "going too far," while the latter will think it "does not go far enough."¹²⁸ In addition, the win-set size is indeed also influenced by differences in participation rates among constituents and across various issues, as well the level of concentration of the costs and benefits.¹²⁹

The win-set size and the participation of level-two constituencies are also influenced by the politicization of an issue.¹³⁰ This can activate those who do not care so much about the effects of not achieving an agreement, which reduces the win-set size.¹³¹ This is why the negotiators regard a certain level of secrecy during negotiations as a way to a successful conclusion of a deal.¹³² Thus, this theory can provide an argument and explanation for a relatively high level of secrecy within TTIP negotiations, because the professional diplomats are well aware of the potential damage a full disclosure of the unfinished negotiations may do to the outcome, as it might unnecessarily activate misinformed opposition and decrease the win-sets.

122 Ibid 442.

123 Ibid 443.

124 Ibid 443.

125 Ibid 443.

126 Ibid 444.

127 Ibid 443.

128 Ibid 443.

129 Ibid 445.

130 Ibid 445.

131 Ibid 445.

132 Ibid 445.

Secondly, Putnam argues that “[the] size of the win-set depends on the Level II political institutions.”¹³³ Precisely, it is the ratification procedures which shape the win-set size – e.g. a majority vote typically generates larger win-sets than the necessity of two-thirds of votes.¹³⁴ Apart from voting systems, there are many other political practices that influence the win-set size. One of them is “[strong] discipline within the governing party [which] increases the win-set by widening the range of agreements for which the Level I negotiator can expect to receive backing.”¹³⁵ In contrast, weak discipline within the governing party decreases the win-set size.¹³⁶

Putnam also discusses the importance of state strength and state autonomy within the two-level games. He explains that when central decision-makers, such as central banks, have autonomy from the constituents at Level Two, international deals are more likely to be concluded.¹³⁷ Nevertheless, the stronger autonomy a state has in terms of independence from its domestic constituents (for example a dictatorship), the weaker negotiation position it has in the international arena.¹³⁸ This theoretical phenomenon exemplifies the complexity of the two-level games which can easily be perceived as ambiguous. In addition, there are typically several levels of domestic ratification which make the win-set theory even more complicated. This concerns, for example, various inter-dependent groups involved in the ratification process within the European Union, which requires ratification by the Council of Ministers, by the national and coalition governments, and sometimes also by every political party.¹³⁹ Moreover, one has to take into consideration the potential cleavage patterns, side-payments, negotiator strategies, etc. which influence every phase of the ratification process.¹⁴⁰

Thirdly, Putnam states that “[the] size of the win-set depends on the strategies of the Level I negotiators.”¹⁴¹ Every negotiator at Level One wants to enlarge his (and his counterpart’s) win-set in order to make an international agreement.¹⁴² However, in order to do so, he might use side-payments to increase the number of supporters.¹⁴³ Side-payments are generally taken into account in the two-level games theory, but they

133 Ibid 448.

134 Ibid 448.

135 Ibid 449.

136 Ibid 449.

137 Ibid 449.

138 Ibid 449.

139 Ibid 449.

140 Ibid 449.

141 Ibid 450.

142 Ibid 450.

143 Ibid 450.

are thought to have only a minor effect on the decisive ratification.¹⁴⁴ Here, Putnam makes a key point, saying that “[what] counts at Level II is not total national costs and benefits, but their incidence, relative to existing coalitions and proto-coalitions.”¹⁴⁵ Therefore, Putnam suggests that trade retaliations should rather be aimed at the uncommitted groups, not at those who either clearly support or oppose to trade liberalization.¹⁴⁶ So in two-level games, the negotiators should be able to effectively make concessions at the international level, as well as effectively spell out their requirements and threats based on their awareness of the opinions and developments at both domestic and foreign Level Two.¹⁴⁷ During such a process, negotiators at Level One often have to conduct secret bargaining because they want to help one another ratify the agreement.¹⁴⁸

Putnam also states that level-one negotiators are frequently disconnected from the Level Two in a sense that they lack sufficient information about the true sentiments within the internal politics, especially that of their foreign counterparts.¹⁴⁹ For example, the lack of information about the foreign negotiator’s win-set leads to one’s fear of involuntary defection, because agreements can be concluded only if the negotiators have the certainty that the deal will be ratified thanks to their counterpart’s favorable win-sets.¹⁵⁰ However, Putnam also writes that uncertainty about international issues can be overcome by signals from abroad that can consequently persuade the undecided.¹⁵¹ This is likely to be effective in economic negotiations among countries with close relations.¹⁵² Basically, an international enthusiasm can enlarge domestic win-sets and encourage international cooperation. However, the foreign pressure can also have the opposite impact and weaken the domestic support.¹⁵³ Both types of reverberation occur in two-level games and are difficult to precisely predict.¹⁵⁴

Putnam also emphasizes the fact that the chief negotiators are not mere links between Level One and Two, and often do not independently represent the attitudes of

144 Ibid 450.

145 Ibid 450.

146 Ibid 450.

147 Ibid 451.

148 Ibid 451.

149 Ibid 452.

150 Ibid 452.

151 Ibid 455.

152 Ibid 455.

153 Ibid 456.

154 Ibid 456.

their constituents.¹⁵⁵ In fact, the chief negotiator's intentions can significantly differ. For example, a head of state might push for a ratification of an international agreement purely because he wants to maximize his political power and strengthen his position at Level Two.¹⁵⁶ The chief negotiator might also promote his personal ideas about the national interest internationally.¹⁵⁷ However, when it comes to decision-making, the chief negotiator typically prioritizes the preferences of his domestic win-sets, because his incumbency depends on it.¹⁵⁸ Ultimately, the chief negotiator's position is crucial because he has veto power – he can basically dismiss a proposed agreement, even if it has the support of his domestic win-sets.¹⁵⁹ For example, this happened during the negotiations over the Versailles Treaty in 1919, when the majority of the U.S. citizens and the Senate wanted it to be ratified, but President Wilson vetoed it, saying that he would not consent to anything.¹⁶⁰ A successful ratification of an international agreement can also be blocked by its impact on the chief negotiator's domestic coalition.¹⁶¹ Concretely, the central executive may not be willing to ratify a deal if it threatened the structure of his coalition and could lead to a loss of his supporters.¹⁶²

Nevertheless, in this state of the art, it is also important to mention an author, who points out the limitations of Putnam's theory. This is, for example, Davide Bonvicini. In *Playing Three-Level Games in the Global Economy: Case Studies from the EU*, Bonvicini expressed reservations towards applying Putnam's two-level game to the European Union where in fact a three-level game takes place.¹⁶³ Bonvicini states that EU's three levels include negotiations between the Commission, along with the member states, and its international counterpart (i.e. international level I); approval by the Council of Ministers at the Union level (level II); and the ratification of a proposed agreement by the parliaments of the member states (level III).¹⁶⁴ Therefore, according to Bonvicini, "[...] a mere two-level approach lacks the intermediate layer needed for an explanation of the behaviour of the EU in international negotiations."¹⁶⁵ Bonvicini thus

155 Ibid 456.

156 Ibid 457.

157 Ibid 457.

158 Ibid 457.

159 Ibid 457.

160 Ibid 458.

161 Ibid 458.

162 Ibid 458.

163 Bonvicini, Davide, et al., *Playing Three-Level Games in the Global Economy: Case Studies from the EU*, (Belgium: College of Europe, April 2008), pg. 9.

164 Ibid 11.

165 Ibid 4.

thinks that Putnam's two-level approach does not have the capacity to predict a complete picture of the complex negotiations processes.¹⁶⁶

On the other side, the article "Level Two Negotiations: Helping the Other Side Meet Its 'Behind-the-Table Challenges'" by James K. Sebenius is also closely related to Putnam's approach. Sebenius does not oppose to Putnam's theory. His article analyzes the synchronization of the "internal" and "external" negotiations and focuses on coping with internal groups opposing to the negotiated agreements.¹⁶⁷ Sebenius states that in order to successfully negotiate an agreement, it is necessary for the negotiators to be able to effectively deal with internal opposition and persuade the decisive constituencies of an agreement's positive impacts.¹⁶⁸ Sebenius also designates the internal challenges as so called "behind-the-table" barriers.¹⁶⁹ He repeats that even though there may be a consensus between the level-one negotiators, the level-two factions, supporting even minority interests, often have the power to block international agreements.¹⁷⁰ Moreover, the opposing factions, tend to be more cohesive, determined, and can stand in a better institutional position, and thus present a serious challenge to the "Level One" negotiations.¹⁷¹

Sebenius also analyzes the way negotiators on both sides can help one another manage their internal conflicts.¹⁷² Sebenius claims that in order to help the other party to cope with internal objections, one has to fully understand the other state's challenges, as well as the nature and interests of the constituencies that oppose or favor an agreement.¹⁷³ Specifically, in order to help "country A" deal with its inner challenges, its partner – "country B" – has to have a deep insight into "country A's" constituencies, their interests, and opinions on the negotiated deal, as well as assist "country A" in presenting it in a positive light.¹⁷⁴ For example, in terms of trade deals, level-one players can create provisions which would offset the losses of the opposing factions which might otherwise block an international trade deal.¹⁷⁵ After a trade deal is adopted, the level-one negotiators should continue to persuade the constituencies about the positive

¹⁶⁶ Ibid 9.

¹⁶⁷ Sebenius, James K., "Level Two Negotiations: Helping the Other Side Meet Its "Behind-the-Table" Challenges," *Negotiation Journal*, Vol. 29, No. 1 (January 2013), pg. 8.

¹⁶⁸ Ibid 8.

¹⁶⁹ Ibid 9.

¹⁷⁰ Ibid 10.

¹⁷¹ Ibid 11.

¹⁷² Ibid 8.

¹⁷³ Ibid 9.

¹⁷⁴ Ibid 14.

¹⁷⁵ Ibid 12.

impacts of the deal.¹⁷⁶ Moreover, a level-one negotiator can help its counterpart create effective theme frames which encourage it's the domestic public and private sphere to favor an agreement.¹⁷⁷ Nevertheless, Sebenius quotes Putnam, warning that the level-one negotiators often lack sufficient information about the opinions on the level-two actors, and therefore are unable to deal with the opposition effectively.¹⁷⁸

Since TTIP faces strong internal opposition which hinders the ratification of the agreement, Putnam's theory is important for this thesis because it analyzes the way domestic forces and constituencies can positively or negatively influence the international level-one agreements.¹⁷⁹ For this reason, this thesis will revolve around Putnam's theory.

176 Ibid 12.

177 Ibid 20.

178 Ibid 13.

179 Ibid 10.

2. Economic Relations between the EU and the USA and Basic Tenets of TTIP

2.1 Development of the Economic Cooperation between the EU and the USA

The United States of America and the European Union have common historical, cultural, religious, political and economic ties, and similarly value human rights, liberty, democracy, and intellectual freedom.¹⁸⁰ The diplomatic relations between the U.S. and the EU were established in 1953 when the first U.S. observers were sent to the European Coal and Steel Community (ECSC).¹⁸¹ Subsequently, the European Commission founded its Delegation to the United States in Washington, D.C. in 1954; and the U.S. Mission to the European Coal and Steel Community was established in Luxembourg in 1956.¹⁸² The U.S. Mission to the European Communities (currently known as the U.S. Mission to the European Union) was established in Brussels in 1961.¹⁸³ Between the late 1960s and 1980s, the United States experienced a decline of its hegemonic economic power, but Europe's economy, in contrast, prospered.¹⁸⁴ But since 1986, the U.S. economy finally stabilized and became relatively comparable to that of the EU.¹⁸⁵

In the 1990s the transatlantic economic relations finally reached a more institutionalized integration.¹⁸⁶ The relations were formalized by the Transatlantic Declaration in 1990, establishing a formal political dialogue focused on politics, economy, culture, science, and education.¹⁸⁷ This Declaration is the basis for the economic cooperation between the United States and the European Union. In the Declaration, the parties considered their cooperation to be necessary for the development of free economies, prosperity, and political stability in the newly united

¹⁸⁰ "Transatlantic Declaration of 1990," The United States Mission to the European Union, Accessed October 25, 2016, <https://useu.usmission.gov/1990transatlantic_declaration.html>.

¹⁸¹ "Fact Sheet: U.S.-EU Cooperation," The White House, March 26, 2014, Accessed October 25, 2016, <<https://www.whitehouse.gov/the-press-office/2014/03/26/fact-sheet-us-eu-cooperation>>.

¹⁸² Ibid.

¹⁸³ Ibid.

¹⁸⁴ Andreescu, C. V., Sfetea, R. C., "EU-US Trade Relationship," *Knowledge Horizons – Economics*, Vol. 5, No. 4, 2013, 62.

¹⁸⁵ Ibid 62.

¹⁸⁶ Serfati, Claude, "The transatlantic bloc of states and the political economy of the Transatlantic Trade and Investment Partnership (TTIP)," *Work Organization, Labor & Globalization*, Vol. 9, No. 1 (Spring 2015), 14.

¹⁸⁷ EU-US Relations, Ministry of Foreign Affairs, Republic of Poland, Accessed October 25, 2016,

<http://www.mfa.gov.pl/en/foreign_policy/other_continents/north_america/bilateral_relations/tytul_strony>.

democratic Europe.¹⁸⁸ In this document, the parties made a commitment to support economic growth, employment, equality in society, liberalization of trade, as well as to keep the inflation rate low and help the Eastern and Central European countries to participate in the multilateral trade and financial institutions.¹⁸⁹ The two sides also declared to support the principles of OECD and GATT, and develop a dialogue concerning elimination of technical and non-tariff barriers to trade in industrial and agricultural goods and services, as well as policies connected to market competition, standards, technology, etc.¹⁹⁰ In 1995, the New Transatlantic Agenda (NTA) was adopted. In this document, the USA and the EU stated that their mutual trade and investment relationship is the largest in the world, and for the first time they declared that they were “[...] determined to create a New Transatlantic Marketplace, which will expand trade and investment opportunities and multiply jobs on both sides of the Atlantic.”¹⁹¹ Along with the adoption of the NTA, a Joint EU-U.S. Action Plan was created. In terms of economy, this Plan aimed, for example, to help the Central and Eastern European countries transform into free economies and strengthen their market institutions.¹⁹² Consequently, the cooperation was intensified by the Transatlantic Economic Partnership (TEP) which was concluded at the 1998 U.S.-EU summit in London.¹⁹³ This Partnership covers bilateral trade addressing different types of barriers, and aims to reach mutual recognition and alignment of standards with regard to goods and services.¹⁹⁴ TEP also deals with multilateral trade striving to develop further liberalization within the framework of the WTO, and covers areas such as dispute settlement, transparency, intellectual property, investment, procurement, competition, labor standards, and electronic commerce.¹⁹⁵

In order to give various actors an opportunity to express their opinions on different topics of the cooperation, different dialogues were established. Among these is the Transatlantic Business Dialogue (TABD) which brings together CEOs of the major

188 “Transatlantic Declaration of 1990,” The United States Mission to the European Union, Accessed October 25, 2016, <https://useu.usmission.gov/1990transatlantic_declaration.html>.

189 Ibid.

190 Ibid.

191 “New Transatlantic Agenda,” United States Mission to the European Union, Accessed October 26, 2016.

<https://useu.usmission.gov/new_transatlantic_agenda.html>.

192 Ibid.

193 “The U.S.-EU Partnership,” United States Mission to the European Union, Accessed October 27, 2016,

<https://useu.usmission.gov/transatlantic_relations.html>.

194 Ibid.

195 “Action Plan,” United States Mission to the European Union, Accessed October 27, 2016,

<https://useu.usmission.gov/transatlantic_economic_partnership.html>.

US and EU companies and governmental officials at the highest level in order to allow them to discuss further development of the economic integration of the United States and the European Union, which together create the largest trading bloc in the world.¹⁹⁶ Another dialogue is the so called Transatlantic Consumer Dialogue (TACD) which allows for exchange of views between the US and EU consumer organizations, and creates recommendations for the US and EU governments connected to consumer policies, in order to protect consumer interests and safety as well as an access to information about the impacts of certain policies on consumers and fairness in the Transatlantic marketplace.¹⁹⁷ Another such initiative is the Transatlantic Policy Network (TPN) which is a non-governmental platform providing various parties from politics, academia, think-tanks, business, etc. with a space for a dialogue about diverse issues connected to the transatlantic cooperation and relationship.¹⁹⁸ Finally, there are also the Transatlantic Environmental Dialogue (TAED) and the Transatlantic Legislators Dialogue (TALD).¹⁹⁹ In 2007, a Transatlantic Economic Council (TEC) was established in order to further intensify transatlantic economic integration, set up common standards for innovative technologies, and support the economic growth.²⁰⁰ In 2013, on the suggestion of the U.S.-EU High Level Working Group on Jobs and Growth, the United States and the EU launched negotiations of the Transatlantic Trade and Investment Partnership (TTIP).²⁰¹

196 "About TABD," Trans-Atlantic Business Council, Accessed October 27, 2016,

<<http://www.transatlanticbusiness.org/tabd/>>.

197 "About TACD," Trans-Atlantic Consumer Dialogue, Accessed October 27, 2016, <<http://tacd.org/about-tacd/>>.

198 "TPN Mission," Transatlantic Policy Network, Accessed October 27, 2016, <<http://www.tpnonline.org/about-us/tpn-mission/>>.

199 "The U.S.-EU Partnership," United States Mission to the European Union, Accessed October 27, 2016,

<https://useu.usmission.gov/transatlantic_relations.html>.

200 "EU and US," Federal Foreign Office, August 28, 2014, Accessed October 27, 2016, <http://www.auswaertigesamt.de/EN/Aussenpolitik/RegionaleSchwerpunkte/USA/EU-USA_node.html>.

201 "Fact Sheet: U.S.-EU Cooperation," The White House, March 26, 2014, Accessed October 25, 2016,

<<https://www.whitehouse.gov/the-press-office/2014/03/26/fact-sheet-us-eu-cooperation>>.

2.2 Trade and Investments between the EU and the USA

The United States of America and the European Union are the world's two largest economies. Together, they create nearly 50% of the world's gross domestic product and almost one third of global trade in goods and services.²⁰² The population of the United States is 325 million inhabitants. The U.S. GDP was worth \$17.947 trillion in 2015 – reaching an all-time high and representing 29% of the world economy.²⁰³ Its GDP per capita was \$51,486 in 2015 which was equal to ca. 400% of the world's average.²⁰⁴ Therefore, the United States is the world's largest economy. As mentioned in the first chapter, the population of the European Union is 510 million.²⁰⁵ It is the world's second largest economy with the GDP worth \$16.229²⁰⁶ trillion in 2015, accounting for ca 26%²⁰⁷ of the world economy. The EU GDP per capita was \$34,860 in 2015, which was equivalent to 276% of the world's average.²⁰⁸

The economic relationship between the U.S. and the EU represents over 30% of world's trade in goods and 40% of global services trade.²⁰⁹ In 2015, the total value of goods traded between the two sides was over €600,000 million.²¹⁰ However, the U.S. has had a continuous trade deficit with the EU every year since 1997.²¹¹ The deficit reached its highest amount of \$155,573 million in 2015 – this is a significant increase compared to its value of \$16,965 million in 1997.²¹² As table 1 indicates, the EU is the U.S. second most significant import partner, preceded only by China, and followed by Canada, Mexico, and Japan. The EU also ranks second in terms of U.S. exports, and in this case it is preceded by Canada, and followed by Mexico, China and Japan.

202 “European Union,” Office of the United States Trade Representative, Accessed October 27, 2016, <<https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>>.

203 “United States GDP,” Trading Economics, Accessed October 27, 2016, <<http://www.tradingeconomics.com/united-states/gdp>>.

204 “United States GDP per Capita,” Trading Economics, Accessed October 27, 2016, <<http://www.tradingeconomics.com/united-states/gdp-per-capita>>.

205 “European Union,” The World Bank, 2016, Accessed August 20, 2016, <<http://data.worldbank.org/region/european-union>>.

206 Ibid.

207 “European Union GDP,” Trading Economics, 2016, Accessed August 20, 2016, <<http://www.tradingeconomics.com/european-union/gdp>>.

208 “European Union GDP per Capita,” Trading Economics, 2016, Accessed August 20, 2016, <<http://www.tradingeconomics.com/european-union/gdp-per-capita>>.

209 “EU-US Relations: Trade and Investment,” Delegation of the European Union to the United States, Accessed October 27, 2016, <<http://www.euintheus.org/what-we-do/policy-areas/trade-investment-and-business/eu-us-relations-trade-and-investment/>>.

210 “European Union: Trade in Goods with USA,” European Commission, June 21, 2016, Accessed October 27, 2016, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf>.

211 “Trade in Goods with European Union,” United States Census Bureau, Accessed October 27, 2016, <<https://www.census.gov/foreign-trade/balance/c0003.html>>.

212 Ibid.

Table 1: Total Goods: U.S. Top Trading Partners 2015 (Mio €)²¹³

IMPORTS		EXPORTS		TOTAL	
PARTNER	VALUE	PARTNER	VALUE	PARTNER	VALUE
1. China	434,322	1. Canada	252,381	1. EU	631,100
2. EU	384,076	2. EU	247,024	2. China	539,042
3. Canada	266,057	3. Mexico	213,049	3. Canada	518,438
4. Mexico	265,652	4. China	104,719	4. Mexico	478,701
5. Japan	118,179	5. Japan	56,306	5. Japan	174,485
6. South Korea	64,739	6. South Korea	39,206	6. South Korea	103,944
7. India	40,326	7. Hong Kong	33,505	7. Taiwan	60,060
8. Taiwan	36,691	8. Brazil	28,540	8. India	59,731
9. Vietnam	34,243	9. Singapore	25,828	9. Brazil	53,241
10. Malaysia	30,490	10. Taiwan	23,370	10. Switzerland	48,541

The U.S. most significant trade partners from the EU are some of the traditional EU member states, such as Germany with 4.6 % of U.S. total trade, the United Kingdom accounting for 3 % of U.S. trade, France with 2.1 % of U.S. trade, and also Italy, Netherlands, and Belgium.²¹⁴ As table 2 indicates, the U.S. is the second most significant import partner of the EU, being surpassed only by China, but followed by Russia and Switzerland. In terms of exports, the U.S. is the most important partner of the EU. It is followed by China, Switzerland, and Turkey.

213 "European Union: Trade in Goods with USA," European Commission, June 21, 2016, Accessed October 27, 2016, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf>.

214 "Top Trading Partners December 2015," United States Census Bureau, Accessed October 28, 2016, <<https://www.census.gov/foreign-trade/statistics/highlights/top/top1512yr.html>>.

Table 2: Total Goods: EU Top Trading Partners 2015²¹⁵

IMPORTS		EXPORTS		TOTAL	
PARTNER	VALUE	PARTNER	VALUE	PARTNER	VALUE
1. China	350,436	1. USA	371,331	1. USA	620,306
2. USA	248,975	2. China	170,376	2. China	520,812
3. Russia	135,569	3. Switzerland	150,873	3. Switzerland	253,190
4. Switzerland	102,317	4. Turkey	79,129	4. Russia	209,481
5. Norway	74,249	5. Russia	73,911	5. Turkey	140,732
6. Turkey	61,603	6. Japan	56,585	6. Norway	123,105
7. Japan	59,770	7. Norway	48,856	7. Japan	116,355
8. South Korea	42,343	8. UAE	48,509	8. South Korea	90,240
9. India	39,446	9. South Korea	47,897	9. India	77,626

As far as the commodity structure of trade between the two parties is concerned, table 3 shows that the EU imports from the United States mainly machinery; products of the chemical industry; transport equipment; optical and photographic instruments; mineral products; plastics and rubber; and base metals.

Table 3: European Union, Trade in Goods with the USA – IMPORTS 2015²¹⁶

GOODS	EU IMPORTS FROM THE USA (Value Mio €)
Machinery and appliances	65,852
Products of the chemical industry	51,663
Transport equipment	37,817
Optical and photographic instruments	23,148
Mineral products	14,183
Plastics, rubber	9,050
Base metals	8,089

215 “European Union: Trade in Goods with USA,” European Commission, June 21, 2016, Accessed October 27, 2016, <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf>.

216 Ibid.

On the other side, the largest value of the EU exports to the U.S. is again created by machinery; products of the chemical industry; transport equipment; optical and photographic instruments; base metals; foodstuffs, beverages, tobacco; and mineral products. It is clear that, mineral products are the only item, in case of which the U.S. has a surplus in comparison to the EU.

Table 4: European Union, Trade in Goods with the USA – EXPORTS 2015²¹⁷

GOODS	EU EXPORTS TO THE USA (Value Mio €)
Machinery and appliances	90,438
Products of the chemical industry	84,531
Transport equipment	73,008
Optical and photographic instruments	25,849
Base metals	17,205
Foodstuffs, beverages, tobacco	13,674
Mineral products	11,648

The EU is also the 4th most important agriculture export destination for the U.S. – in 2015, the U.S. export of agriculture products to the EU was in the amount of \$12.1 billion.²¹⁸ It consisted mainly of tree nuts; soybeans; wine and beer; and prepared food.²¹⁹ On the other side, the EU was the 3rd major supplier of agricultural goods to the USA in 2015, being preceded only by the NAFTA members, Canada and Mexico.²²⁰ The main products were wine and beer; essential oils; snack food; vegetable oils; processed food and vegetables.²²¹ As far as trade in services is concerned, the United States exports to the EU mainly financial services, travel services, transportation services, consulting services, and intellectual property services, such as industrial processes.²²² And the U.S. imports of services from the EU consist of similar categories, i.e. travel and transportation services, intellectual property, consulting services, and research and development services.²²³ Within the EU, the United Kingdom is the largest trade partner of the U.S. in terms of services, accounting for 9 % of U.S. exports of services, and 10

²¹⁷ Ibid.

²¹⁸ “European Union,” Office of the United States Trade Representative, Accessed October 27, 2016, <<https://ustr.gov/countries-regions/europe-middle-east/europe/european-union>>.

²¹⁹ Ibid.

²²⁰ Ibid

²²¹ Ibid.

²²² Ibid.

²²³ Ibid.

% of U.S. imports of services in 2014.²²⁴ Therefore it is clear that the UK remains the key economic partner of the United States. To provide a comparison, Canada, a member of NAFTA, also accounted for 9 % of U.S. services exports and 6 % of U.S. services imports in 2014.²²⁵

The U.S. and the EU are key partners in terms of foreign direct investment. The U.S.-EU investment relationship generates economic growth and significant numbers of jobs. It is estimated that the transatlantic workforce includes ca. 15 million people who are mainly employed by the companies either in the U.S. or in the EU.²²⁶ Approximately one third of the transatlantic trade is created by transfers between companies.²²⁷ The volume of U.S. investment in the EU is three times higher than in the whole Asia; and the amount of EU investment in the U.S. equals eight times the volume of EU investments in India and China combined.²²⁸

224 Fefer, Rachel F., "U.S. Trade in Services: Trends and Policy Issues," *Congressional Research Service*, November 3, 2015, Accessed October 28, 2016, <<https://www.fas.org/sgp/crs/misc/R43291.pdf>>.

225 Ibid.

226 "EU-US Relations: Trade and Investment," Delegation of the European Union to the United States, Accessed October 27, 2016, <<http://www.euintheus.org/what-we-do/policy-areas/trade-investment-and-business/eu-us-relations-trade-and-investment/>>.

227 "Trade: United States," European Commission, April 29, 2016, Accessed October 28, 2016, <<http://ec.europa.eu/trade/policy/countries-and-regions/countries/united-states/>>.

228 Ibid.

2.3 Background and Basic Tenets of TTIP

Before TTIP, the EU and the U.S. dealt with trade issues via multilateral trading system of the General Agreement on Tariffs and Trade (GATT) which was established in 1947, and which was transformed into the World Trade Organization (WTO) in 1995. The multilateral negotiations within GATT/WTO have led to significant tariff reductions, and the number of its members increased fast. As a result of the GATT/WTO trade liberalization, the “most-favored-nation” tariffs on imports between the EU and the U.S. are very low – i.e. ca. 5.2 % for the EU and 3.5 % for the U.S.²²⁹ Since the 1970s, trade negotiations have been paying increasingly more attention to non-tariff barriers, such as local content requirements, public procurement practices, different standards and regulations, protection of intellectual property rights and investors, licensing, etc. However, the WTO multilateral negotiations were becoming increasingly cumbersome, and the 2001 Doha Round (which was supposed to further deepen trade liberalization) failed.²³⁰ Consequently, both the EU and the U.S. started to negotiate bilateral and bi-regional free trade agreements with preferred partners, one of which is TTIP.²³¹ Another reason for launching TTIP is also the fact that it could serve as a geostrategic balance to Asia, in particular China.²³² Not only would it increase the influence of the EU and the U.S. in the global market, it would also enable them to set new trade standards and thus put pressure on other emerging powers to adjust to the economic order led by the West, instead of enforcing its own trade rules and practices.

In 2013, the High-Level Working Group on Jobs and Growth published a report recommending forming the common free trade zone between the USA and the EU.²³³ In February 2013, Barack Obama publicly announced his intention to start the negotiations about the Transatlantic Trade and Investment Partnership between the United States and the European Union.²³⁴

229 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 4.

230 Griswold, D. T., “Free Trade Agreements Are Stepping-Stones toward Global Free Trade,” *Debates in International Political Economy*, ed. Oatley, T. H. (NC: Longman, 2010), pg. 101.

231 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 4.

232 Ibid 5.

233 “Final Report: High Level Working Group on Jobs and Growth,” European Commission, 11 February 2013, Accessed October 28, 2016, <http://trade.ec.europa.eu/doclib/docs/2013/february/tradoc_150519.pdf>, pg. 1.

234 Akhtar, S. I., Jones, V. C., “Transatlantic Trade and Investment Partnership (TTIP) Negotiations.” Washington: Congressional Research Service, 2014, <<http://fas.org/sgp/crs/row/R43387.pdf>>, pg. 1.

TTIP has been continuously regarded as the largest and most ambitious trade and investment agreement ever negotiated between the world's two most advanced world powers. It was supposed to boost economic growth, create jobs, and encourage companies to be more innovative and compete abroad.²³⁵ A study of the European Commission predicted that TTIP would increase the size of the EU economy by €120 billion (0.5 % of GDP) and the size of the U.S. economy by €95 billion (0.4 % of GDP) by 2027.²³⁶ These gains would gradually grow until they would reach the final level in 2027 as a result of a permanent growth of wealth produced by both partners due to reduction of tariff and non-tariff barriers, and alignment of regulations.²³⁷ In addition, according to the European Commission, TTIP would supposedly also increase the GDP of the rest of the two partner's trade partners by ca. €100 billion as a result of spillover effect.²³⁸ This spillover effect could potentially also push third countries to align their trade practices with the new norms and standards set by TTIP, and thus reinforce the role of the EU and the U.S. as the world's economic leaders and rule-makers. Since most tariffs on trade in goods and services between the EU and the U.S. are already relatively low (ca. 0 % – 5 %), TTIP's main contribution lied in the harmonization of standards. However, it is important to note that tariffs still remain high, for example, on agriculture and textile.²³⁹ Therefore, there would still be room for tariff lowering, and due to the size of both economies, further elimination of tariff barriers would still significantly boost the trade.²⁴⁰ The European Commission also estimated that TTIP would increase the household disposable income of a European family by €545 a year – taking into account higher wages and a decrease in prices.²⁴¹ As a result of greater trade volume and efficiency, it is estimated that TTIP would increase total exports of goods and services by 6 % (€220 billion) in the EU and 8 % (€220 billion) in the US.²⁴² Total imports would increase by ca. 5 % both in the EU and U.S.²⁴³ There would be an

235 “About TTIP,” European Commission, November 17, 2016, Accessed February 20, 2017, <http://ec.europa.eu/trade/policy/in-focus/ttip/about-ttip/impact/#_benefits>.

236 “Transatlantic Trade and Investment Partnership: The Economic Analysis Explained,” European Commission, September 2013, Accessed February 20, 2017, <http://trade.ec.europa.eu/doclib/docs/2013/september/tradoc_151787.pdf>, pg. 6.

237 Ibid 6.

238 Ibid 10.

239 Hamilton, D. S., Pelkmans, J., *Rule-Makers or Rule-Takers?* (London: Rowman & Littlefield International, Ltd., 2015), pg. 8.

240 Ibid 8.

241 European Commission, “Transatlantic Trade and Investment Partnership: The Economic Analysis Explained,” September 2013, Accessed February 20, 2017,

<http://trade.ec.europa.eu/doclib/docs/2013/september/tradoc_151787.pdf>, pg. 6.

242 Ibid 7.

243 Ibid 7.

increase in EU exports in all sectors, but it would be especially significant in case of metal production (+12 %), transport equipment (+6 %), motor vehicles (+41 %), processed foods (+9 %), chemicals (+9 %), and other manufactured goods (+6 %).²⁴⁴ Moreover, greater imports would provide consumers with wider product choice and a reduction in prices. Companies would be able to be more competitive, but they would have to become more innovative at the same time as a result of new competition from abroad. This would lead to a greater productivity and job creation both in the EU and the U.S.

Nevertheless, in spite of the aforementioned benefits projected in a study of the European Commission, TTIP has been facing great opposition. The TTIP negotiations were supposed to be finalized before the end of President Barack Obama's administration in 2016, but due to multiple obstacles, such as various objections of interest groups, as well as the sudden switch of the U.S. policy to greater protectionism caused by the victory of President Donald Trump, the whole process has been to a great extent stalled for the time being. The following chapter will take a closer look at the problems in TTIP negotiations, which have been hindering the approval process.

²⁴⁴ Ibid 7.

3. Character and Problems of the TTIP Negotiations from the EU Perspective

3.1 TTIP Negotiations at the Level One in the EU

The TTIP negotiations between the European Commission and the Office of the United States Trade Representative (USTR) started in July 2013. The negotiations were composed of 3 pillars. The first pillar dealt with market access, i.e. tariff reduction on goods and services, investment liberalization, government procurement, and protection of investments.²⁴⁵ The second pillar was connected to negotiations about non-tariff barriers and alignment of regulations; and the third pillar concerned sustainable development, intellectual property, or energy.²⁴⁶ In the European Union, TTIP is negotiated at the Level One by the EU Commission which closely cooperates with the Council and the EU Parliament during the process.²⁴⁷ After the drafted text has been agreed upon, it is submitted to the Council for adoption.²⁴⁸ The Council can then decide to provisionally apply the agreements either fully or partially.²⁴⁹ The partial application is used in case of so called mixed agreements which cover areas of both EU and member state competences.²⁵⁰ After the formal signature by the Council (or, in case of a mixed agreement, by all member states as well), the draft is passed on to the European Parliament for approval.²⁵¹ Once the European Parliament consents to it, the Council concludes the agreement.²⁵² However, if the agreement is mixed, it has to be at first ratified by all member states, before it can be concluded by the Council.²⁵³ TTIP was expected to be a mixed agreement because it contained elements beyond the EU competence which would have to be ratified by the individual member states.²⁵⁴

²⁴⁵ De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 8.

²⁴⁶ Ibid 8.

²⁴⁷ "EU Trade Agreements," European Council, accessed March 7, 2017,

<<http://www.consilium.europa.eu/en/policies/trade-agreements/>>.

²⁴⁸ Ibid.

²⁴⁹ Ibid.

²⁵⁰ Ibid.

²⁵¹ Ibid.

²⁵² Ibid.

²⁵³ Ibid.

²⁵⁴ "New study: ratification of TTIP and CETA in the EU member states," Stop TTIP, accessed March 7, 2017,

<https://stop-ttip.org/ttip-study-ratification/?noredirect=en_GB>.

The proponents of the Transatlantic Trade and Investment Partnership point to the agreement's contribution to job creation, economic growth, consumer choice and demand, business activity, recovery from the economic crisis, etc. on both sides of the Atlantic Ocean. Mainly in the EU, the policymakers have been putting an emphasis on 'selling' TTIP to the public, and thus turning it into a more political issue (as opposed to the U.S.).²⁵⁵ This was evidenced by the European Commission's PR strategy for communication at the member-state level to avoid potential fears of TTIP in the public.²⁵⁶ Already at the outset of the negotiations, the EU was able to identify potential challenges to the approval process and came up with possible solutions to them. Concretely, in November 2013, the European Commission held a meeting with the representatives of the member states, and the outcome of a leaked internal memo was following:

Strong political communication will be essential to the success of the Transatlantic Trade and Investment Partnership (TTIP), both in terms of achieving EU negotiating objectives and of making sure that the agreement is eventually ratified. So far, the negotiations have experienced an unprecedented level of public and media interest. No other negotiation has been subject to a similar level of public scrutiny. Communicating on TTIP and engaging with stakeholders is therefore crucial when taking the negotiations forward.²⁵⁷

In this context, the European Commission also identified the main objectives concerning communication. Firstly, it was necessary that the public of the individual member states clearly understood what TTIP is and what it is not.²⁵⁸ This means that people must understand that TTIP would bring new jobs, economic gains, and global trade leadership, and that it would not threaten regulations, health, safety, and environment.²⁵⁹ Secondly, under TTIP, it would be necessary to carefully manage relations with other trade partners affected by the agreement, such as China, and the EU's neighbors. Thirdly, the EU determined the need to support its negotiating goals especially in the areas the USTR is responsible for, and to convince the U.S. negotiators

255 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 16.

256 "Leaked European Commission PR strategy 'Communicating on TTIP,'" Corporate Europe Observatory, November 25, 2013, accessed March 7, 2017, <<https://corporateeurope.org/trade/2013/11/leaked-european-commission-pr-strategy-communicating-ttip>>.

257 Ibid.

258 Ibid.

259 Ibid.

to act favorably.²⁶⁰ This may be connected to federal regulatory agencies and state-level authorities.²⁶¹ The communication agenda was led by the European Commission's Head of Communications in Directorate-General (DG) for Trade, having Commission representatives across the member states and EU Delegations.²⁶²

In its memo from 2013, the European Commission emphasized the importance of management of media and stakeholders within its communication efforts, as well as effective enforcement of its communication strategies at the EU member-states level, providing convincing arguments in favor of TTIP negotiations.²⁶³ In context of the communication efforts, the Commission also assumed the strategy of mainly highlighting TTIP's positive sides and impact, instead of assuming reactionary defensive arguments about what the agreement is not (e.g. lowering standards).²⁶⁴ The Commission also stressed the importance of public opinion monitoring, producing promotion materials and distributing it through various means of communication, such as the Internet or online social media.²⁶⁵ The Commission was fully aware that the emphasis on the negotiations transparency was a vital part of persuading the public and interest groups of TTIP's benefits. All aspects of the negotiations were supposed to be made transparent via, for example, providing space for stakeholder discussions, consultations with the European Parliament, actively engaging in discussions with the public through social media, management of the general media discourse, as well as gaining support from third parties.²⁶⁶ Nevertheless, in the context of transparency, it is important to note here that this PR strategy did not mention the intention to release the actual negotiating texts.²⁶⁷ Subsequently, the fact that the EU did not decide to publish the negotiating documents provided the TTIP opposition with other secrecy-related arguments that were used against the agreement and its proponents. As a result, under the pressure of TTIP-opposition, the EU announced the so called 'fresh start' to the negotiations in December 2014, which included the intention to allow greater access to the negotiating documents.²⁶⁸

260 Ibid.

261 Ibid.

262 Ibid.

263 Ibid.

264 Ibid.

265 Ibid.

266 Ibid.

267 Ibid.

268 "TTIP 'fresh start' means more clarity, debate, and realism, Malmström tells MEPs," European Parliament, December 3, 2014, accessed March 7, 2017, <<http://www.europarl.europa.eu/news/en/news-room/20141201IPR81714/ttip-%E2%80%9Cfresh-start%E2%80%9D-means-more-clarity-debate-and-realism->

In this 2013 report, the European Commission also identified the main sensitive areas that needed to be closely observed. Firstly, the unfounded anxiety about harming the European regulations and social model was supposed to be removed via communicating the reality of TTIP negotiations in these areas and on the EU's negotiating strength.²⁶⁹ Even though the Commission admitted that a certain level of secrecy was necessary for successful negotiations, it was fully aware that the process had to be also very open and transparent in order to minimize unrealistic fears which could undermine the conclusion of the agreement.²⁷⁰ Secondly, the Commission predicted that serious challenges to TTIP negotiations would arise from the nature of the EU institutions and powers, such as intense pressure from many interest groups and citizens.²⁷¹ In this case, the Commission strongly emphasized the fact that the EU would have to speak unanimously and unchangeably, closely watching the elections to the European Parliament and positions of the political parties across the member states.²⁷² Thirdly, the Commission determined the goal to clearly point out the strategic importance of this comprehensive agreement, knowing that it was a 'game changer' in the field of international trade because it would reestablish the United States and the European Union as setters of global trade norms, rules, and precedents, and shift the economic power back to the transatlantic area.²⁷³ The power to establish new trade precedents, e.g. in the area of regulations and standards, could also prepare platforms for world negotiations about the new trade issues.²⁷⁴ Moreover, the more widely applied U.S.-EU trade rules would also make it simpler for third countries to adjust their exports.²⁷⁵ Fourthly, the Commission stated that it was necessary to make it clear that TTIP would be concluded between two equal partners with the same negotiating strength and economic interest in this agreement, in order to avoid fears that the EU had a weaker position.²⁷⁶ The Commission determined that it was crucial to highlight the fact that the EU was the largest market of the world as well as a key trade partner for

malmstr%C3%B6m-tells-meps>.

269 "Leaked European Commission PR strategy 'Communicating on TTIP,'" Corporate Europe Observatory, November 25, 2013, accessed March 7, 2017, <<https://corporateeurope.org/trade/2013/11/leaked-european-commission-pr-strategy-communicating-ttip>>.

270 Ibid.

271 Ibid.

272 Ibid.

273 Ibid.

274 Ibid.

275 Ibid.

276 Ibid.

any other economy.²⁷⁷ Lastly, due to the vast complexity of this new-generation trade agreement, the Commission noted that, on one hand, the stakeholders would expect higher transparency of the negotiating process, and the negotiators would demand a greater input of the stakeholders' opinions and interests in order to be able to solve challenges, but simultaneously, a certain level of confidentiality would have to be maintained in order to make the negotiations easier, faster, and more effective.²⁷⁸ But in spite of this emphasis on PR strategy, the negotiators have encountered unexpectedly heavy backlash from civil society groups, especially those in Europe, which has, to a great extent, politicized the trade agreement.

²⁷⁷ Ibid.

²⁷⁸ Ibid.

3.2 Opposition to TTIP at the Level Two in the EU

3.2.1 Political forces within the EU and TTIP

After the rise of opposition in 2013 and 2014, the main EU countries that became less affirmative towards TTIP in their reaction to the civil society groups' voices were, for example, Germany, France, the Netherlands, and Austria.²⁷⁹ And many of the members of the European Parliament (after the 2014 elections) also had to assume a clearer position on TTIP and act in accordance with the preferences of their second-level voters. This consequently brought a largely political character to the trade agreement. Typically, the European Parliament members affiliated with the Party of European Socialists (PES), the European United Left-Nordic Green Left Party Group (GUE/NGL), Europe of Freedom and Direct Democracy (EFDD), or The Progressive Alliance of Socialists and Democrats (S&D), tended to stand in opposition to TTIP.²⁸⁰ On the other side, the European Parliament members affiliated with parties, such as the Alliance of Liberals and Democrats for Europe (ALDE) or Group of the European People's Party (EPP - Christian Democrats) assumed a pro-TTIP position.²⁸¹ Among the main Czech politicians in favor of TTIP in the European Parliament have been Pavel Telička (ANO 2011 and ALDE), Dita Charanzová (ANO 2011 and ALDE), or Luděk Niedermayer (Top 09 and Christian Democrats).²⁸² Conversely, some of the main opponents to the agreement in the European Parliament are Jan Keller (ČSSD and PES), Jaromír Kohlíček (KSČM and GUE/NGL), or Petr Mach (Free Citizens' Party and EFDD).²⁸³

So in general, the European Parliament members affiliated with the Greens and the Left are against TTIP, the Social Democrats are more divided on the topic but they claim that, under certain conditions and compromises (such as maintaining the standards; prohibition of GMOs; removal of the ISDS; etc.), they would be willing to

279 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 104.

280 European Parliament, accessed March 7, 2017, <<http://www.europarl.europa.eu/portal/>>.

281 Ibid.

282 "Naši politici a jejich postoj k TTIP," [www.vtipp.cz](http://vtipp.cz), Accessed March 7, 2017, <<http://vtipp.cz/politici/>>.

283 "Naši politici a jejich postoj k TTIP," [www.vtipp.cz](http://vtipp.cz), accessed March 7, 2017, <<http://vtipp.cz/politici/>>. Tomáš Uhnák, "Tomáš Keller: Můžeme si za to sami," February 12, 2015, accessed March 7, 2017, <<http://a2larm.cz/2015/02/muzeme-si-za-to-sami/>>. "A takto nás převálcují: Europoslanec o utajované obchodní dohodě," May 1, 2016, accessed March 11, 2017, <<http://www.parlamentnilisty.cz/arena/rozhovory/A-takto-nas-USA-prevalcuji-Europoslanec-o-utajovane-obchodni-dohode-432925>>.

accept the agreement.²⁸⁴ Therefore, their approach is more reformist than rejectionist. On the other side, right-wing populist parties, such as the Alternative for Germany (*Alternative für Deutschland*, AfD) or the Freedom Party of Austria (*Freiheitliche Partei Österreichs*, FPÖ), also articulate the views of the civil society groups that oppose to TTIP, and criticize the culmination of power in the hands of a few political elites, for example Angela Merkel.²⁸⁵ In September 2016, Sigmar Gabriel – the former Minister for Economic Affairs and Energy and current German Vice Chancellor – declared TTIP dead.²⁸⁶ According to Gabriel, TTIP undermined the rights of employees, as well as environment and consumer protection.²⁸⁷ Gabriel allegedly made this statement in a reaction to the then protests against the agreement.²⁸⁸ Thereby, he distanced himself from the European Commission and was criticized e.g. by the Union parties (CDU/CSU) for supposedly making such a statement in order to increase his election chances.²⁸⁹ The 2016 presidential candidate, Norbert Hofer (FPÖ), has said that TTIP was an unacceptable threat to Austrian sovereignty.²⁹⁰ Therefore, their approach to the trade agreements is utterly rejectionist. In 2014, Jean-Paul Juncker was a candidate for the European Commission presidency for the European People’s Party which is, however, conservative and favors TTIP.²⁹¹ In order to succeed in the elections, Juncker had to make concessions to the opposition as well, and he admitted that he would never negotiate about the possibility of lower standards.²⁹²

284 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 104.

285 “Wer TTIP und CETA nicht will, muss AfD wählen”, *Alternative für Deutschland*, May 4, 2016, accessed March 11, 2017, <<http://afd-fraktion-sachsen.de/presse/pressemitteilungen/wer-ttip-und-ceta-nicht-will-muss-afd-waehlen.html>>. “Who is Norbert Hofer and Should Europe Be Worried About Him Becoming President of Austria”, *The Telegraph*, May 23, 2016, accessed March 11, 2017, <<http://www.telegraph.co.uk/news/2016/05/22/who-is-norbert-hofer-and-should-europe-be-worried-about-him-beco/>>.

286 Wehner, Markus, “Gabriel wirft Ballast ab,” *Frankfurter Allgemeine*, September 6, 2016, accessed March 11, 2017, <<http://www.faz.net/aktuell/wirtschaft/ttip-und-freihandel/sigmar-gabriel-erklaert-freihandelsabkommen-ttip-fuer-tot-14419413.html>>.

287 Ibid.

288 Ibid.

289 Ibid.

290 “Who is Norbert Hofer and Should Europe Be Worried About Him Becoming President of Austria,” *The Telegraph*, May 23, 2016, accessed March 11, 2017, <<http://www.telegraph.co.uk/news/2016/05/22/who-is-norbert-hofer-and-should-europe-be-worried-about-him-beco/>>.

291 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, 104.

292 Ibid 104.

3.2.2 Non-governmental Interest Groups and Their Impact on the Level-One Negotiations

Despite the promotion of its benefits, TTIP is still one of the most controversial trade agreements ever negotiated.²⁹³ It has been facing opposition of various interest groups in the EU, which have managed to present the agreement as a threat to democracy, health, safety, and environment.²⁹⁴ In the public discourse on TTIP, there have emerged several iconic themes and terms, which have been frequently used by the interest groups in opposition. These include the fear of deregulation and lowering of EU standards, which would, for example, result in import of American ‘chlorinated chicken’ and hormone-treated foods (beef in particular),²⁹⁵ or implementation of the controversial U.S. method of gas fracking in the EU.²⁹⁶ This has been intensified by the fact that the United States exports less agricultural products to the EU than vice versa, and one of the main spheres of interest in TTIP for the Americans is the access to the EU agriculture market, which, however, creates intense points of contention, as the Europeans fear the influx of GMO foods, the lowering of consumer safety, and reduced environmental standards, as a result of increased power given to U.S. corporations.²⁹⁷ Other such themes which have been continuously voiced by the opposition are the suspicious secrecy of the negotiations, favoring business lobbies over others, and indeed the Investor-State Dispute Settlement Mechanism (ISDS).²⁹⁸ So generally, consumer and environmental protection, as well as corporate power, democracy and national sovereignty (in connection to ISDS), are the most important topics for various interest groups opposing to TTIP at Level Two in the EU.

British political and environmental activist, George Monbiot, belongs to the harshest critics of TTIP and he described the deal as undemocratic and “against the rule of law”.²⁹⁹ Opposition also often calls TTIP a Trojan horse which will destroy all kinds

²⁹³ De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 93.

²⁹⁴ Ibid 12

²⁹⁵ De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 103.

²⁹⁶ Ibid 116.

²⁹⁷ Stokes, Bruce, “Is Europe on board for a new trade deal with the U.S.?” , Pew Research Center, January 29, 2015, accessed March 11, 2017, <<http://www.pewresearch.org/fact-tank/2015/01/29/is-europe-on-board-for-a-new-trade-deal-with-the-u-s/>>.

²⁹⁸ De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 103.

²⁹⁹ Ibid 93.

of consumer, social and environmental protection.³⁰⁰ Generally, the EU civil society groups have been able to more actively mobilize (across differing countries and languages) against TTIP than those in the, comparatively homogenous, United States.³⁰¹ Most of the interest groups acting in opposition to TTIP are located in the EU – be it civil society, environmental groups, or political parties.³⁰² After all, it was in the EU where the so called ‘Stop TTIP’ initiative was established. ‘Stop TTIP’ is an alliance of ca. 500 organizations across the EU with headquarters in Berlin, which actively campaign against TTIP.³⁰³ Their main argument is that the agreement poses a threat to democracy, rule of law, health, environment, consumer and employee rights, the fear of which is exacerbated by the secrecy of the negotiations.³⁰⁴ As a legal tool of opposition, this alliance uses the European Citizens’ Initiative (ECI) in order to put pressure on the European Commission to make changes in its proceedings.³⁰⁵ ‘Stop TTIP’ has also gathered ca. 3,300,000 signatures of EU citizens for the purpose of a petition against TTIP.³⁰⁶ Since the beginning of the negotiations, there have been launched many other similar anti-TTIP campaigns.

According to De Ville and Siles-Brügge, these initiatives are, to an extent, actually similar to the anti-globalization campaigns of the 1990s and 2000s, such as for example the ‘Battle of Seattle’ which was organized in 1999 in protest against the WTO’s millennial round of trade negotiations; against the negotiations on increasing the activities of GATS in 2000; or against the Doha Round.³⁰⁷ What both protests have in common is the fear that these trade agreements will strengthen the position of big corporations, and undermine the ability of citizens to defend themselves against it.³⁰⁸ This clearly reflects the fear that democracy would be weakened, and thus makes this economic issue highly politicized. Most of the criticism of TTIP stems from the European civil society, and has a normative character and reshapes the perception of

300 Ibid 93.

301 Birchfield, V., “Negotiating the Transatlantic Trade and Investment Partnership: Comparing U.S. and EU Motivations, Oppositions and Public Opinion,” 2015, accessed March 11, 2017, <<https://inta.gatech.edu/sites/default/files/attachments/GTJMCE2015-2-Birchfield.pdf>>.

302 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 93.

303 Stop TTIP: European Initiative against TTIP and CETA, accessed March 11, 2017, <<https://stop-ttip.org/about-stop-ttip/>>.

304 Ibid.

305 Ibid.

306 Ibid.

307 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership* (Cambridge: Polity Press, 2016) 94; 99.

308 Ibid 94.

global trade by presenting it as a threat to important values, making it difficult for the negotiators to successfully promote the e.g. benefits of setting global standards.³⁰⁹

With the rise of the civil groups, there has been created the concept of a so called ‘global civil society’ based on anti-globalization movements.³¹⁰ Some also use the term ‘transnational advocacy network’, which is defined as “networks of activists, distinguishable largely by the centrality of principled ideas or values in motivating their formation.”³¹¹ These networks are composed of smaller numbers of activists whose aim is not a mobilization of masses, but rather a change of the character of the public discourse on the given issues which would influence politicians.³¹²

Non-governmental organizations play a significant role in encouraging these civil society groups to mobilize against trade agreements. In the 1990s and early 2000s, international trade started to be increasingly viewed as an issue pertaining to the everyday life of citizens (e.g. food standards, etc.) – it was no longer solely about commercial interests and liberalization.³¹³ NGOs contributed to the creation of this perspective, underlining it with claims about normative values, to an extent replacing the former distributive debate connected to tariff reduction, with a normative debate.³¹⁴ Nevertheless, many NGOs have positioned themselves as those that do not want to completely abandon trade deals, but rather as those who sought to reform them so that they could make the trade policymakers take their proposals into account at the WTO.³¹⁵

The EU activists already started to protest against TTIP with the start of the negotiations in the summer of 2013, and included several NGOs with a long history of activism, which had participated in the movements against globalization of trade in the 1990s and 2000s.³¹⁶ For example, it was the Seattle-to-Brussels Network (S2B) uniting development, environment, and farmers’ organizations, as well as trade unions and social movements.³¹⁷ This network complains that the EU trade policymakers and negotiators do not take into account the voice of the states’ parliaments and citizens, and favor the interests of transnational corporations instead.³¹⁸ Among others, its objectives

309 Ibid 95.

310 Ibid 99.

311 Ibid 99.

312 Ibid 99.

313 Ibid 100.

314 Ibid 100.

315 Ibid 101.

316 Ibid 102.

317 “S2B Network: About us,” Seattle to Brussels Network, accessed March 11, 2017,

<<http://www.s2bnetwork.org/about-us/overall-goal/>>.

318 Ibid.

are to support a broad scale of campaigns in which the EU civil society plays an important role and can change the decision-making processes at the European Commission and Council level, as well as to make sure that its activities cooperate with other similar networks.³¹⁹ In addition, it is also important to point out the fact that, nowadays, the use of Internet and online social media, such as Twitter, Facebook, blogs, and many others, as a tool within the anti-TTIP campaign, has also increased the effectiveness of the activists.³²⁰

S2B unites many prominent activist organizations, such as Corporate Europe Observatory (CEO); the Transnational Institute (TNI); the Association for the Taxation of Financial Transactions and Aid to Citizens (ATTAC); a German NGO dealing with questions related to energy and trade policies - PowerShift; OXFAM Solidarity; Greenpeace EU Unit; Food and Water Watch Europe; Friends of the Earth Europe; Global Justice Now; New Economics Foundation; and many others.³²¹ Its members are currently located in Austria, Belgium, Croatia, Denmark, France, Germany, Hungary, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, and United Kingdom.³²²

In 2013, almost 200 European and U.S. NGOs signed a letter to the then European Commissioner for Trade, Karel de Gucht, in protest against the incorporation of the Investor-State Dispute Settlement (ISDS) in TTIP.³²³ This was caused by the fear that the foreign investors would be granted the power to sue domestic governments which would consequently be more vulnerable and unable to regulate in the public interest. The inclusion of the ISDS is generally regarded as one of the most controversial and unpopular issues, against which there is especially strong opposition at the Level Two in the EU. National sovereignty of the individual member states is a particularly important and sensitive topic at the EU's Level Two and gives multiple activist groups the reason to protest against the inclusion of the ISDS in TTIP or the treaty itself. Due to the rise of public interest in the ISDS and investment protection in TTIP, the negotiations on investment in the agreement were suspended in 2014, and the European Commission organized public consultations and analyzed almost 150,000

319 Ibid.

320 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 108.

321 "Member Groups," Seattle to Brussels Network, accessed March 11, 2017, <<http://www.s2bnetwork.org/about-us/member-groups/>>.

322 Ibid.

323 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 102.

replies (most respondents were from the United Kingdom – 34.8 %, Austria – 22.6 %, and Germany – 21.8 %).³²⁴ Moreover, the European Commission established the so called TTIP Advisory Group composed of both business and civil society experts who were supposed to provide the EU negotiators with expertise and recommendations.³²⁵ In addition, in 2013, there was also established a transnational institute called Alternative Trade Mandate and lobbied for its policies in the 2014 EU elections.³²⁶ It is an alliance uniting ca. 50 organizations with the aim to find an alternative for the current EU trade policy, which would give a greater respect to the public, individual state's parliaments, human rights, environment, and equality between countries, instead of big corporations.³²⁷

In 2014, there was launched another anti-TTIP initiative – the European Citizen's Initiative (ECI) which started to be active already in the 1990s and 2000s.³²⁸ It is an instrument “[...] allowing one million EU citizens residing in at least one quarter of the Member States to invite the Commission to submit a proposal for a legal act to implement the EU Treaties.”³²⁹ In September 2014, the ECI's project which was planned by the Greens and the German ATTAC was dismissed by the European Commission.³³⁰ As a reason for the dismissal of the ECI claims, the Commission stated the following:

[The] proposed citizens' initiative falls outside the framework of the Commission's powers to submit a proposal for a legal act of the Union. [...] As a matter of principle, the signature and conclusion of an international agreement with a given subject and content may be requested by a citizens' initiative. Conversely, the preparatory Council decisions authorizing the opening of international negotiations or repealing such authorization do not fall within the scope of the Regulation.³³¹

324 “Report presented today: Consultations on investment protection,” European Commission, January 13, 2015, accessed March 11, 2017, <http://europa.eu/rapid/press-release_IP-15-3201_en.htm>. “Report on the online consultation on investment protection and investor-to-state dispute settlement in the Transatlantic Trade and Investment Partnership Agreement,” European Commission, January 13, 2015, accessed March 11, 2017, <http://europa.eu/rapid/press-release_MEMO-15-3202_en.htm>.

325 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 103.

326 “Alternative Trade Madate,” TNI, April 24, 2013, accessed March 11, 2017, <<https://www.tni.org/en/article/alternative-trade-mandate>>.

327 Ibid.

328 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, 105.

329 “European Citizens' Initiative,” European Parliament, February 2017, accessed March 11, 2017, <http://www.europarl.europa.eu/atyourservice/en/displayFtu.html?ftuId=FTU_2.1.5.html>.

330 Ibid.

331 Ibid.

Nevertheless, this did not discourage the ECI which changed its name to a “self-organized European Citizens’ Initiative’ (sECI) and sued the Commission at the European Court of Justice.³³² In May 2015, the ECI collected more than 1.8 million signatures, reaching the EU member state threshold.³³³

As far as public demonstrations against TTIP are concerned, the main ones have taken place in the following countries: in September 2016, around 250,000 people protested in Berlin and Munich against the agreement³³⁴; between 10,000 and 15,000 people demonstrated in Brussels at around the same period of time³³⁵; on October 11, 2014, citizens across Europe protested against the agreement³³⁶; and on April 18, 2015, there was a ‘global day of action’ against the TTIP, but also the TPP and CETA.³³⁷ Even though the anti-TTIP movements have been far more intense in the EU, several organizations in the U.S., such as Public Citizen, have also protested against the agreement, linking it to the controversies of NAFTA, and designating it as TAFTA.³³⁸ The Public Citizen has been cooperating with the EU campaigners in coordinating their coherent approach to the agreement.³³⁹

The NGOs’ activities have had a real impact on the European Commission’s TTIP negotiations. The Commission had to make concessions to the campaigners and make new assurances that the regulatory cooperation body would not be allowed to be as powerful as to be able to adopt legal acts.³⁴⁰ Cecilia Malmström, who has been serving as the European Commissioner for Trade since 2014, also complied with the public’s wishes, and announced the aforementioned ‘fresh start’ to the TTIP negotiations in December 2014.³⁴¹ This ‘fresh start’ was supposed to make the negotiations more

332 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 106.

333 Ibid 106.

334 “TTIP protesters take to streets across Germany,” *The Guardian*, September 17, 2016, accessed March 20, 2017, <<https://www.theguardian.com/business/2016/sep/17/ttip-protests-see-crowds-take-to-streets-of-seven-german-cities>>.

335 “Thousands protest against CETA and TTIP in Brussels,” DW, September 9, 2016, accessed March 20, 2017, <<http://www.dw.com/en/thousands-protest-against-ceta-and-ttip-in-brussels/a-19564581>>.

336 “European Day of Action,” noTTIP, October 11, 2016, accessed March 20, 2017, <<http://www.nottip.org.uk/nationaldayofaction/>>.

337 “JOIN THE GLOBAL DAY OF ACTION AGAINST TTIP, CETA AND TISA!”, TTIP2016.eu, April 18, 2016, accessed March 20, 2017, <<http://ttip2016.eu/blog/April%2018%20TTIP%20Global%20Day%20of%20Action.html>>.

338 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 109.

339 Ibid 109.

340 Ibid 106.

341 “TTIP ‘fresh start’ means more clarity, debate, and realism, Malmström tells MEPs,” European Parliament, December 3, 2014, accessed March 20, 2017, <<http://www.europarl.europa.eu/news/en/news-room/20141201IPR81714/ttip-%E2%80%9Cfresh-start%E2%80%9D-means-more-clarity-debate-and-realism-malmstr%C3%B6m-tells-meps>>.

transparent, include civil society in the talks, and shift the EU's debate from defensive to offensive arguments.³⁴² This means that instead of using defensive arguments which have only the effect of mitigating the arguments of the opposition, the EU negotiators needed to come up with offensive debate which could attack the arguments of the opposition by presenting more favorable outcomes of the negotiated topic, as well as persuade others about it.³⁴³ Malmström's transparency initiative aimed to publish many negotiating documents and provide all members of the European Parliament with the access to the texts – not only the members of the International Trade Committee (INTA).³⁴⁴ Before this decrease in confidentiality, the Commission typically refused to allow access to the negotiating texts, claiming that it could “undermine the protection of the public interest as regards international relations”.³⁴⁵ Moreover, on January 13, 2015, the European Commission published a report resulting from the analysis of 150,000 public responses to its consultations on the ISDS in TTIP, where the main issue was whether the EU's proposals would strike the right balance between investor protection and the EU's ability to regulate according to public interests.³⁴⁶ In the report, the Commission came to the conclusion that due to vast public skepticism against the ISDS, it was necessary to have open discussions on investment protection and the ISDS with the member states, the European Parliament, and civil society before implementing real policies.³⁴⁷ Based on the result of the ISDS consultations, the United Kingdom, Austria and Germany made up collectively 79 % of the public responses.³⁴⁸ Unlike in Austria and Germany, the UK government was not skeptical of TTIP from the political perspective – however, the British public, as well as press, was very critical of this trade agreement. It is important to clarify that the aforementioned public responses from the UK, Austria, and Germany are related to the public opinion perspective, rather than that of the political elites.

As it was already mentioned, the heavy involvement of various anti-TTIP NGOs has turned the trade agreement into a normative and politicized issue. The TTIP

342 Ibid.

343 “Offense versus Defense,” International Debate Education Association, accessed March 21, 2017, <<http://courses.idebate.org/training/teaching-tools/offense-versus-defense>>.

344 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 107.

345 Ibid 107.

346 “Report presented today: Consultation on investment protection in EU-US trade talks,” European Commission, January 13, 2015, accessed March 20, 2017, <<http://trade.ec.europa.eu/doclib/press/index.cfm?id=1234>>.

347 Ibid.

348 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 109.

negotiations have revealed the limits of the use of sole economic arguments about the necessity to liberalize trade when trying to depoliticize the issue and gain public support.³⁴⁹ This has been evidenced by the unprecedented number of ‘normative’ interest groups, many of which also assume a reformist attitude towards TTIP, instead of a rejectionist one.³⁵⁰ For example, the European Consumer Organization, BEUC (Bureau Européen des Unions de Consommateurs), on its website informs not only about the risks, but also about the potential benefits of TTIP.³⁵¹ The European Trade Union Confederation (ETUC) and the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) have also admitted that TTIP can have a positive impact on job creation and economic growth, but it must be ensured that the deal is negotiated in a fully democratic and transparent manner and that the negotiations lead to a constant maintenance of consumer, social and environmental safety.³⁵² As opposed to the reformist NGOs, the rejectionists, for example, claim that TTIP is being negotiated behind closed doors “‘[...] because if people understood its potential impacts, this could lead to widespread opposition’”.³⁵³ The NGOs in general have been also angered by the perception that business lobbyists have been given better access to consultations with TTIP negotiators.³⁵⁴

In sum, it is obvious that the EU chief negotiators did not manage to depoliticize TTIP and make it look attractive via presenting its benefits in economic terms such as jobs, prosperity or global leadership.³⁵⁵ Instead, they have had to constantly defend it against the civil society groups, having to make concessions – as De Ville and Siles-Brügge wrote:

[...] the European Commission has mostly had to emphasize how it hopes to reform the system of investor protection by further protecting the right to regulate; improving the procedures and establishment of arbitration tribunals (notably, making them more transparent and possibly developing a permanent roster of

349 Ibid 109.

350 Ibid 109.

351 “TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP),” BEUC, accessed March 20, 2017,

<<http://www.beuc.eu/general/tradettip>>.

352 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 110.

353 Ibid 117.

354 Ibid 117.

355 Ibid 117.

arbitrators); clarifying the relationship of arbitration tribunals to the domestic judiciary; and establishing an appellate mechanism.³⁵⁶

The success of the level-two NGOs in awakening anti-TTIP normative sentiments and hindering the progress of the negotiations, could also very likely be caused by the fact that it is simply natural for people to pay more attention to words such as ‘chlorinated chicken’ rather than ‘ease of doing business.’ So through negative framing of TTIP, various advocacy networks have managed to put pressure on the negotiators.³⁵⁷ Consequently, framing e.g. the threat of ‘chlorinated chicken’ in the public discourse has strongly resonated in the minds of people and has mobilized them against TTIP both emotionally and in practice. Nevertheless, there are also forces within the domestic policy of the member states that balance the power of anti-TTIP groups. These are, for example, the European Social Democratic parties which play a decisive role.³⁵⁸ This is due to the fact that the social democrats generally favor job creation in their constituents, investments, and economic stimulation, all of which TTIP promises to cheaply fulfill.³⁵⁹ Therefore the social democrats have served as a domestic balance to the anti-TTIP groups.

356 Ibid 118.

357 Ibid 126.

358 Ibid 126.

359 Ibid 126.

3.2.3 Public Opinion, Social Media, and Anti-American Sentiments in the EU

According to the Pew Research Center, in 2014, 53 % of Americans and 58 % of Europeans were in favor of TTIP.³⁶⁰ The main EU opponents to TTIP were Austria (39 % favored; 53 % opposed), Germany (39 % favored; 41 % opposed), and Luxembourg (40 % favored; 43 % opposed).³⁶¹ At the same time, Germany and the UK possess the best-organized anti-TTIP NGO coalitions and programs for demonstrations.³⁶² On the other side, the EU countries that favor TTIP the most have been the Netherlands (74 % pro-TTIP); Poland (73 %), Denmark (71 %); and Ireland (71 %).³⁶³ Nevertheless, in this Pew Research poll, it was discovered that especially the Italians, French, and Greeks thought that TTIP would lead to a loss of jobs and lower wages.³⁶⁴

The TTIP opposition is also very active and effective on social media, where the deal tends to be negatively framed. For example, on Twitter, there was a clear correspondence between the anti-TTIP protests across the EU in October 2015 (i.e. a few days before the 11th round of TTIP negotiations) and the usage of the hashtags, such as #Stopttip or #nottip.³⁶⁵ These negative tweets reached their greatest numbers around October 10, which clearly mirrored the anti-TTIP march which was organized in Berlin that day.³⁶⁶ Another increase in anti-TTIP tweeting activity occurred around October 17, when another march took place in Madrid.³⁶⁷ In October 2015, the TTIP-friendly hashtags (e.g. #yes2ttip; #jazuttip) created only 1 % of the total number of tweets, while the negative ones (such as #nottip; #noalttip) accounted for 99 %.³⁶⁸ This Twitter activity is clearly shown in the following chart number 1.

³⁶⁰ Stokes, Bruce, “Is Europe on board for a new trade deal with the U.S.?”, Pew Research Center, January 29, 2015, accessed March 11, 2017, <<http://www.pewresearch.org/fact-tank/2015/01/29/is-europe-on-board-for-a-new-trade-deal-with-the-u-s/>>.

³⁶¹ Ibid.

³⁶² De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 109.

³⁶³ Stokes, Bruce, “Is Europe on board for a new trade deal with the U.S.?”, Pew Research Center, January 29, 2015, accessed March 11, 2017, <<http://www.pewresearch.org/fact-tank/2015/01/29/is-europe-on-board-for-a-new-trade-deal-with-the-u-s/>>.

³⁶⁴ Ibid.

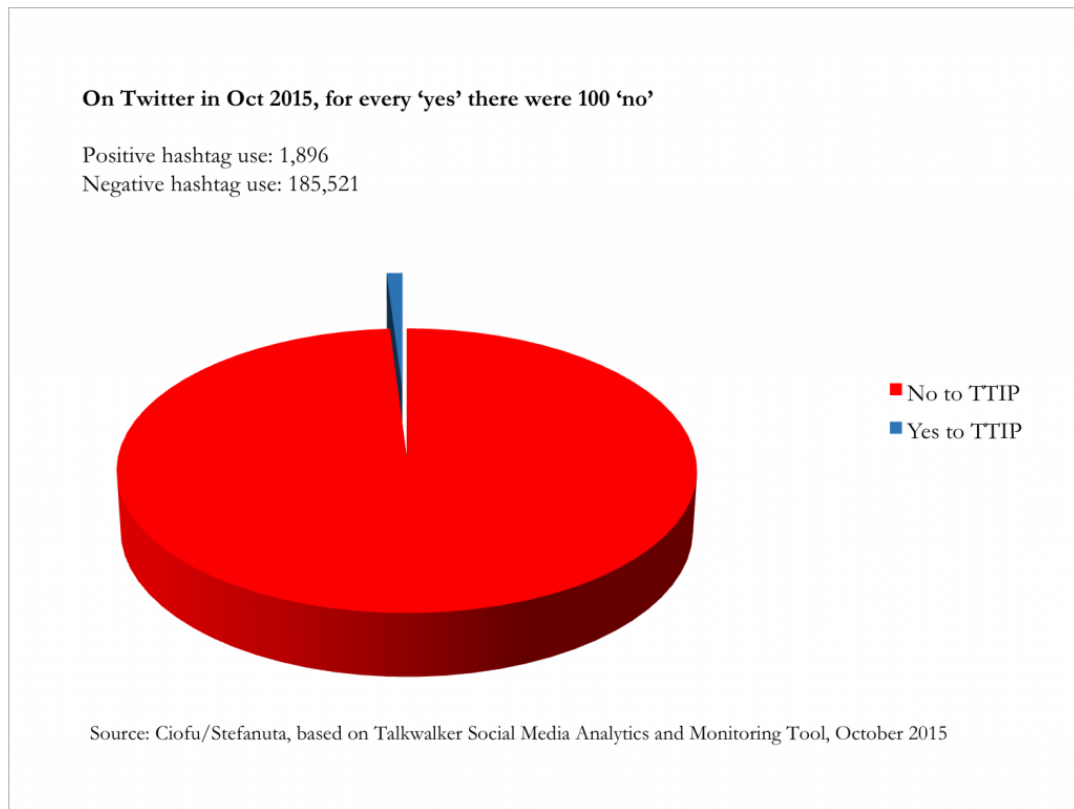
³⁶⁵ Ciofu, S. M., Stefanuta, N., “TTIP, the Bullied Kid of Twitter”, *Georgetown Public Policy Review*, January 14, 2016, accessed March 20, 2017, <<http://gppreview.com/2016/01/14/ttip-twitter-and-how-social-media-is-defining-the-public-argument/>>.

³⁶⁶ Ibid.

³⁶⁷ Ibid.

³⁶⁸ Ibid.

Chart 1: TTIP-related activity on Twitter in October 2015: The volume of positive and negative tweets³⁶⁹



The graph above serves as evidence that people opposing to TTIP have been more efficient and active in spreading their message. Although the level-one negotiators directly responded to the previously mentioned level-two opposition by for example making the negotiations more transparent, they have mostly neglected and under-addressed the importance of these online activities.³⁷⁰ This could have been caused by the level-one negotiators' general lack of trust towards the online debate.³⁷¹

Another second-level factor that might have potentially contributed to the collapse of TTIP negotiations is the fact that Europeans (both ordinary citizens and politicians) often have a negative perception of the USA. *CNBC* commented on the European's views of America as follows: "One of the main stumbling blocks to a trade deal between the EU and the U.S. has been popular skepticism to deeper ties with America, mainly among the German electorate".³⁷² Although mainly the Italians, French, and Poles still view the U.S. favorably, the EU's strongest economy – Germany

³⁶⁹ Ibid.

³⁷⁰ Ibid.

³⁷¹ Ibid.

³⁷² Amaro, Silvia, "Trump can turn around anti-American views in Europe: German AfD Politician," *CNBC*, November 17, 2016, accessed March 20, 2017, <<http://www.cnbc.com/2016/11/17/trump-can-turn-around-anti-american-views-in-europe-german-afd-politician.html>>.

– has been increasingly skeptical about America.³⁷³ According to Pew Research Center, in 2014, 47 % of Germans perceived USA positively, and 51 % negatively.³⁷⁴ The skepticism is even greater in Greece, where up to 63 % of the population sees the U.S. in a negative light, and only 34 % in a positive one.³⁷⁵ A political scientist, Soeren Kern, wrote in the article “Donald Trump and the Return of European Anti-Americanism”, that with the ascension of Trump, the anti-American views in Europe have even increased.³⁷⁶ Kern claims the anti-Americanism was reduced during Obama’s administration whose ‘globalist’ approach was being more positively viewed by the Europeans.³⁷⁷ On the other side, Trump’s nationalist strategy does not appeal to a lot of Europeans.³⁷⁸ András Simonyi from John Hopkins University stated in the article “America Is Not a 911 Number” published in *Huffington Post* in 2015 that “[...] the latent and open anti-American sentiments [...] are contaminating the political elites across the continent.”³⁷⁹ In relation to the potential impact of these anti-American sentiments on the TTIP negotiations, Simonyi wrote:

I was also surprised by the lack of understanding for the Transatlantic Trade and Investment Partnership (TTIP), as if this was primarily an American interest. The negotiations are going well. But in an air of anti-Americanism, even if the negotiations come to a conclusion as scheduled, the public and parliamentary support is not at all guaranteed. This is dangerous. The geopolitical consequences of a failed TTIP would be devastating, serving only those who would like to see the two sides of the Atlantic drift apart.³⁸⁰

It is clear that Simonyi, who is a Managing Director of the Center for Transatlantic Relations, predicted the dismissal of TTIP based on the factor of European’s negative perceptions of the USA.

373 Stokes, Bruce, “Which countries don’t like America and which do,” Pew Research Center, July 15, 2014, accessed March 11, 2017, <<http://www.pewresearch.org/fact-tank/2014/07/15/which-countries-dont-like-america-and-which-do/>>.

374 Ibid.

375 Ibid.

376 Kern, Soeren, “Donald Trump and the Return of European Anti-Americanism,” *Gatestone Institute*, November 21, 2016, accessed March 20, 2017, <<https://www.gatestoneinstitute.org/9372/trump-europe-anti-americanism>>.

377 Ibid.

378 Ibid.

379 Simonyi, András, “America Is Not a 911 Number,” *Huffington Post*, January 17, 2015, accessed March 20, 2017, <http://www.huffingtonpost.com/andras-simonyi/europe-anti-americanism_b_6171562.html>.

380 Ibid.

4. Character and Problems of the TTIP Negotiations from the U.S. Perspective

4.1 Level One, Trade Promotion Authority, and Political Forces in the USA

According to the U.S. Constitution, it is Congress which has the power “to regulate commerce with foreign nations [...]”.³⁸¹ But since the 1930s, Congress has shared its authority over trade with the executive branch.³⁸² Specifically, it was by the Reciprocal Trade Agreements act of 1934 that Congress started to delegate its authority to pass tariff legislation to the President.³⁸³ This Act enabled the executive branch to negotiate reciprocal trade agreements eliminating tariffs with other countries.³⁸⁴ This negotiating authority of the President was then further expanded by the Trade Expansion Act of 1962.³⁸⁵ In 1962, there was established the Office of the United States Trade Representative (USTR), which is “[...] an executive branch agency created, expanded, and protected by Congress [...]”.³⁸⁶ Nowadays, USTR coordinates the U.S. international trade and investment policies and is responsible for negotiations with other nations.³⁸⁷ USTR is headed by the U.S. Trade Representative who is a member of the Cabinet and who “[...] serves as the president’s principal trade advisor, negotiator, and spokesperson on trade issues.”³⁸⁸ The USTR works with Congressional committees responsible for trade issues.³⁸⁹ Furthermore, through the Industry Sector Advisory Committees (ISACs), the USTR cooperates with firms and labor organizations.³⁹⁰ The USTR is thus the main level-one TTIP negotiator in the United States. After the average tariffs had been lowered below 10 %, the U.S. Congress granted the President the authority to negotiate elimination of non-tariff barriers through the legislation called

381 “U.S. Constitution,” Cornell Law School, accessed June 1, 2017, <<https://www.law.cornell.edu/constitution/article1>>.

382 Deardorff, A. V., Stern, R. M., *Constituent Interests and U.S. Trade Policies* (Michigan: The University of Michigan Press, 1998) 11.

383 Ibid 95.

384 Ibid 95.

385 Ibid 95.

386 Ibid 95.

387 “Mission of the USTR,” Office of the United States Trade Representative, accessed June 1, 2017, <<https://ustr.gov/about-us/about-ustr#>>.

388 Ibid.

389 Deardorff, A. V., Stern, R. M., *Constituent Interests and U.S. Trade Policies* (Michigan: The University of Michigan Press, 1998) 45.

390 Ibid 45.

‘fast-track’ which was established in 1974.³⁹¹ ‘Fast track’ is also officially called Trade Promotion Authority (TPA) and it requires the approval of the simple majority both in the Senate and the House of Representatives.³⁹² So in the U.S., the ratification of TTIP also depends on the decision of Congress to grant the President this Trade Promotion Authority (TPA) to negotiate international agreements and present them to Congress for an expedited vote with no amendments.³⁹³ This means that both houses of Congress can then either approve or deny the agreement, but it cannot amend it.³⁹⁴

Even though the European opposition to TTIP has been dominant, loud, and effectively organized, the U.S. one must not be overshadowed by it in this thesis. To start with the political sphere in the United States, the ‘fast track’ was one of the main contentious points connected to the TTIP negotiations. The Republican-led Congress approved Obama’s ‘fast track’ authority on June 24, 2015 (i.e. the Bipartisan Congressional Trade Priorities and Accountability Act of 2015).³⁹⁵ This granted Obama (as well as his successor) a six-year renewal of TPA, and gave him greater power within the conclusion process of the mega trade agreements which his Administration had strongly promoted.³⁹⁶ The Republican-led Senate approved the ‘fast track’ despite the objections of the Democratic lawmakers, unions, and liberal activists.³⁹⁷ Here, it is important to mention that the opposition to TPA is not directly connected to TTIP (i.e. the arguments against TPA and TTIP are not identical). The objections to TPA are typically related to its unconstitutionality – the opponents claim that it “[...] violates the separation of powers guaranteed in the Constitution.”³⁹⁸ The opponents believe that TPA hinders the Congressmen from being able to properly oversee President’s proposed legislation, or from effectively amending it.³⁹⁹ The opponents also argue that TPA lacks transparency and that the related negotiations do not ensure public participation and

391 Ibid 95.

392 Fergusson, Ian F., “Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy,” *Congressional Research Service*, June 15, 2015, accessed May 8, 2017, <<https://fas.org/sgp/crs/misc/RL33743.pdf>>, 9.

393 Ibid 1.

394 Ibid 9.

395 “Congress renews ‘fast track’ trade authority,” USA TODAY, June 24, 2015, accessed May 8, 2017, <<https://www.usatoday.com/story/news/politics/2015/06/24/congress-renews-fast-track/29226629/>>. “Bipartisan Congressional Trade Priorities and Accountability Act of 2015,” Congress.gov, May 8, 2017, <<https://www.congress.gov/bill/114th-congress/senate-bill/995/text>>.

396 “Congress renews ‘fast track’ trade authority,” USA TODAY, June 24, 2015, accessed May 8, 2017, <<https://www.usatoday.com/story/news/politics/2015/06/24/congress-renews-fast-track/29226629/>>.

397 Ibid.

398 Greyson, A., Fein, B., “The ‘Fast Track’ Trade Bill Assaults the Constitution,” *Huffington Post*, June 23, 2016, accessed June 1, 2017, <http://www.huffingtonpost.com/rep-alan-grayson/the-fast-track-trade-bill_b_7643656.html>.

399 Ibid.

promotion of public interest.⁴⁰⁰ On the other side, business stakeholders praised the decision of the Congress to approve Obama's 'fast track'. Its defenders highlight the argument, that through advancing trade negotiations, TPA creates new market opportunities and helps U.S. companies stay globally competitive.⁴⁰¹ In addition, they claim that increased trade supports and sustains economic growth and job creation.⁴⁰² For example, John Engler, president of the Business Roundtable which represents major U.S. companies' CEOs stated: "A bipartisan majority of the Congress strengthened the president's ability to negotiate the best trade deals for America."⁴⁰³ Engler added that he was convinced that intensified trade would boost the U.S. economy, create jobs, and increase salaries.⁴⁰⁴ The house Democrats had unsuccessfully attempted to block 'fast track' by rejecting a companion trade bill which was supposed to give trade adjustment assistance (TAA) to U.S. workers.⁴⁰⁵ Conversely, the Senate Majority Leader, Mitch McConnell, and the House Speaker, John Boehner, managed to enforce a legislative strategy which would make it possible to pass TPA and TAA as separate bills instead of the companion package, which the Senate approved.⁴⁰⁶

So within the U.S. Congress, the Democrats were significantly more skeptical about the 'fast track' than the Republicans, or business lobbies.⁴⁰⁷ On June 12, 2015, 191 Republicans and (only) 28 Democrats in the House of Representatives voted for the TPA.⁴⁰⁸ This is a clear evidence of the Democrats' reservations towards surrendering this authority to the President. The vote showed that Democrats are currently more skeptical of TPA. Many of them have the suspicion that free trade agreements lead to loss of jobs and decrease in wages.⁴⁰⁹ This is a significant issue which causes the Democrats to vote against the TPA, since they are afraid that they would lose the support of labor as well

400 Flynn, Sean, "Trade Promotion Authority Bill Falls Short of Ensuring Transparency and the Public Interest," *infojustice.org*, January 10, 2014, accessed June 1, 2017, <<http://infojustice.org/archives/31877>>.

401 "Trade Promotion Authority (TPA)," Coalition of Services Industries, accessed June 3, 2017

<<https://servicescoalition.org/services-issues/trade-promotion-authority-tpa>>.

402 "Trade Promotion Authority (TPA) Facts," U.S. Chamber of Commerce, accessed June 3, 2017,

<<https://www.uschamber.com/trade-promotion-authority-tpa-facts>>.

403 "Congress renews 'fast track' trade authority," USA TODAY, June 24, 2015, accessed May 8, 2017,

<<https://www.usatoday.com/story/news/politics/2015/06/24/congress-renews-fast-track/29226629/>>.

404 Ibid.

405 Ibid.

406 Ibid.

407 "Reid Shunts TPA Onto Slow Track," The Hill, January 29, 2014, accessed May 8, 2017,

<<http://thehill.com/homenews/senate/196853-reid-rejects-obamas-plea-for-trade-power>>.

408 Nash-Hoff, Michele, "Boehner and his 'Lieutenants' Battle for International Corporate Elite," *IndustryWeek*, June 16, 2015, accessed May 8, 2017, <<http://www.industryweek.com/legislation/boehner-and-his-lieutenants-battle-international-corporate-elite>>.

409 Scher, Bill, "Why Democrats Are Schizo on Trade," *Politico Magazine*, June 15, 2015, accessed June 4, 2017, <<http://www.politico.com/magazine/story/2015/06/tpa-house-vote-elizabeth-warren-democrats-119025>>.

as the single-issue voter.⁴¹⁰ One of the most prominent opponents to ‘fast track’ was the Senate minority leader Harry Reid (Democrat) who did not want the White House to acquire greater trade power by disabling the Congress from amending the negotiated trade deals.⁴¹¹ Reid had also voted against trade deals multiple times in the past.⁴¹² His main argument against trade deals has been that they put U.S. workers at a disadvantage.⁴¹³ In April 2015, he even said: ““You couldn’t find a person [...] who feels more negatively about [fast track] more than I do.””⁴¹⁴ Another dominant opponent to ‘fast track’ was the former Congressman Ron Paul (despite being Republican). Paul believed that the internationally managed WTO, as well as regional trade agreements (such as NAFTA, TTIP, etc.), harm the U.S. workers and the national sovereignty.⁴¹⁵ Conversely, vice president of international affairs for the U.S. Chamber of Commerce, John Murphy, insisted that it was necessary for Obama to “lobby the lawmakers” in order to pass the TPA.⁴¹⁶ In addition, president of the National Foreign Trade Council, Bill Reinsch, stated that the opposition to the negotiated trade agreements was ““impressively well-organized and [was] doing an awful lot of work out in the communities where we have not been. That’s a handicap of ours.””⁴¹⁷ Judging from this statement, it is clear that the anti-TTIP organizations have been trying to target the citizens more intensely than the business community and lobby. This has been the case in the European Union as well. But Reinsch also hoped that this would change, adding: ““I think we can get there. The business community is at its best when there is an actual tangible bill for them to lobby for, and that’s what we have now. People will step up.””⁴¹⁸ An important organization that actively lobbied against ‘fast-track’ was the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO).⁴¹⁹ According to AFL-CIO, “Fast Track 2015 contains no new objectives to improve

410 Ibid.

411 “Reid Shunts TPA Onto Slow Track,” *The Hill*, January 29, 2014, accessed May 8, 2017, <<http://thehill.com/homenews/senate/196853-reid-rejects-obamas-plea-for-trade-power>>.

412 Ibid.

413 “Harry Reid Says ‘Hell No’ to Giving Obama Fast-Track Trade Authority,” *Huffington Post*, April 21, 2015, accessed May 8, 2017, <http://www.huffingtonpost.com/2015/04/21/harry-reid-fast-track_n_7112704.html>.

414 Ibid.

415 “Ron Paul: Oppose Free Trade Agreements,” YouTube, August 15, 2013, accessed May 10, 2017, <https://www.youtube.com/watch?v=OFLRuMHAK_w>.

416 “Reid Shunts TPA Onto Slow Track,” *The Hill*, January 29, 2014, accessed May 8, 2017, <<http://thehill.com/homenews/senate/196853-reid-rejects-obamas-plea-for-trade-power>>.

417 Ibid.

418 Ibid.

419 “The AFL-CIO Opposes the Hatch-Wyden-Ryan ‘Fast Track 2015’ Legislation (S. 995/H.R. 1890),” United Steelworkers, accessed June 4, 2017, <<https://www.usw.org/get-involved/rapid-response/AFL-CIO-Opposes-Fast-Track-PDF-April-2015.pdf>>.

[American] trade balance, protect ‘Buy American’ laws, or ensure strong rules of origin – all things important to the U.S. job creation – yet it retains destructive objectives that empower global businesses to fight for higher drug prices and challenge public interest laws.”⁴²⁰ In addition, the AFL-CIO also argues that ‘fast track’ 2015 continues to prevent congressional and public access to the U.S. trade proposals and negotiating documents.⁴²¹ Furthermore, the AFL-CIO criticizes the ‘fast track’ 2015 because it brings no benefits for the working people; no educational grants for the workforce; no endurance that unsafe products do not enter the USA; or no measures to eliminate job offshoring.⁴²²

Clearly, the main controversies related to Obama’s mega regional-trade agreements that occurred at the Level One revolved around the TPA and the balance of congressional vs. executive powers. At the Level One in the United States, the arguments against ‘fast track’ seem to be in majority as opposed to those specifically related to TTIP. It seems that TTIP was, during Obama’s administration, perceived as an inevitable consequence of TPA. Therefore, most of the traditional anti-FTAs arguments, such as empowerment of corporations or job losses (that are in the EU connected directly to TTIP) occurred at the Level One in the USA already in relation to TPA.

420 Ibid.

421 Ibid.

422 Ibid.

4.2 Opposition to TTIP at the Level Two in the USA

4.2.1 Non-governmental Interest Groups and Controversial TTIP-related issues in the USA

During the administration of President Barack Obama, the civil society groups in the United States have been more focused on campaigning against the Trans-Pacific Partnership (TPP) – the most ambitious free trade agreement between 12 Pacific Rim countries – than on TTIP.⁴²³ This was, for example, because the U.S. citizens viewed TTIP as an agreement with a highly advanced economy which could actually secure them with better consumer, environment, service, or employee standards as a result of trade harmonization, because it is generally known that the EU has significantly stricter rules on consumer safety than the U.S.⁴²⁴ TPP, on the other hand, has been regarded as an agreement which would flood the U.S. with low-quality products from Asia and steal job opportunities from Americans.⁴²⁵ However, the high standards of the EU have been one of the main reasons for protest against TTIP (besides the ISDS) on the part of the Europeans. Americans have been, on the other side, especially concerned about TTIP's connection to issues such as energy, procurement, financial regulations, jobs, sovereignty, as well as the secrecy of the negotiations.

In January 2014, more than 550 U.S. public interest groups, such as labor, family farm, and digital rights organizations, sent a letter to the U.S. Senate opposing the 'fast track' legislation for Obama, as it would limit the power of Congress over trade pact negotiations.⁴²⁶ The main organizer of the letter was the U.S. national organization Citizens Trade Campaign (CTC) which unites, labor, consumer, family farm, religious, and other civil society groups.⁴²⁷ CTC was founded in 1992 with the aim to stand in opposition to NAFTA and promote values such as human rights, economic justice, environmental protection, etc.⁴²⁸ It considers itself to be "a leading advocacy vehicle to fight for trade policy that serves the interests of a majority of the world's people, instead

423 De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 101 – 102.

424 Ibid 102.

425 Ibid 102.

426 "Senators Deal Major Blows to Obama's Fast Track Plan, But the Fight Isn't Over," Electronic Frontier Foundation, January 31, 2014, accessed May 10, 2017, <<https://www.eff.org/deeplinks/2014/01/senators-deal-major-blows-obamas-fast-track-plan-fight-isnt-over>>.

427 "About CTC," Citizens Trade Campaign, accessed June 4, 2017, <<http://www.citizenstrade.org/ctc/about-ctc/>>.
"SOTU: President's Base Opposes Fast Track for TPP," Popular Resistance, January 27, 2014, accessed June 4, 2017, <<https://popularresistance.org/sotu-presidents-base-opposes-fast-track-for-tpp/>>.

428 "About CTC," Citizens Trade Campaign, accessed June 4, 2017, <<http://www.citizenstrade.org/ctc/about-ctc/>>.

of the self-serving agenda of multinational corporations”. CTC’s major argument in the letter was that ‘fast track’ would easily defeat the proposals against the proposed trade agreements which would, according to the organization, create income inequality, unemployment, job losses, environmental destruction, etc.⁴²⁹ Among the organizations that signed the letter were the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO); American Federation of State, County and Municipal Employees (AFSCME); United Autoworkers (UAW); United Steelworkers (USW); Service Employees International Union (SEIU); National Resources Defense Council (NRDC); climate movement 350.org; National Family Farm Coalition; National Farmers Union; National Consumers League; a consumer rights advocacy group Public Citizen; and many others.⁴³⁰

Another anti-TTIP actor in the United States is the conservative, far-right organization called The John Birch Society which created the project “Choose Freedom – STOP the Free Trade Agenda” through which it aims to strengthen national independence and sovereignty.⁴³¹ This organization is worth mentioning because it has been an active player since its establishment in 1958⁴³², expressing its opinions on multiple domestic and international political issues. The author and political commentator, but also a critic of this organization, Claire Connor, believes that the victory of Donald Trump has recently led to a greater audience for the John Birch Society. She said that the Society has largely contributed to the creation of the current political divide in the USA.⁴³³ This suggests that due to the recent development, the influence of the John Birch Society has been increasing. In connection to the election of Trump, Connor stated that “The John Birch Society is as far to the right as they go, [...] and right now it’s difficult to see much daylight between them and the rest of the GOP.”⁴³⁴ In terms of trade policy, the John Birch Society argues that FTAs cause offshoring of U.S. manufacturing jobs, inflow of cheap products, undermining of American sovereignty by establishing regional governmental bodies independent of the

429 “SOTU: President’s Base Opposes Fast Track for TPP,” Popular Resistance, January 27, 2014, accessed June 4, 2017, <<https://popularrsistance.org/sotu-presidents-base-opposes-fast-track-for-tpp/>>.

430 Ibid.

431 “The Strategic Importance of Stopping the Free Trade Agenda,” JBS News, August 26, 2014, accessed May 10, 2017, <<https://www.jbs.org/jbs-news/legislation/item/14378-the-strategic-importance-of-stopping-the-free-trade-agenda>>.

432 “History,” The John Birch Society, accessed May 10, 2017, <<https://www.jbs.org/about-jbs/history>>.

433 Collar, Jim, “Political Climate Puts John Birch Society Back in Focus,” *USA Today*, September 16, 2016, accessed May 10, 2017, <<https://www.usatoday.com/story/news/politics/elections/2016/09/16/john-birch-society-rise/90502232/>>.

434 Ibid.

U.S. judicial system, which would consequently create a global socialist government led by the United Nations.⁴³⁵

The John Birch Society also publishes a magazine *The New American* which frequently focuses on the negatives of TTIP. For example, in its issue from June, 2015, it criticized the fact that TTIP was so called ‘living agreement’ which would give the negotiators the power to eventually accept new members and open new trade or political areas, which according to the magazine, again further undermines national sovereignty.⁴³⁶ It also criticized Obama’s statements about the complete transparency of the TTIP negotiations, saying that even after three years of negotiations, the public did not have the access to the related documents, and that the U.S. Congressmen are allowed to review them only under strict supervision and restricted conditions.⁴³⁷ They also criticized the fact that stakeholders, such as big companies, Wall Street, or Hollywood, have been allowed to see the texts without such restrictions.⁴³⁸ So similarly to the civil society groups in the European Union, *The New American* criticized the privileged access to negotiating documents given to U.S. corporations. The magazine also highlights the character list of the major lobbyists for TTIP that work closely with the negotiators, designating them as “crony capitalists” – it includes global corporations such as Goldman Sachs, Boeing, Unilever, Chevron, UPS, Walmart, and business coalitions like Global Business Dialogue, Business Roundtable, Transatlantic Policy Network, the aforementioned U.S. Chamber of Commerce, and many others.⁴³⁹ The article “10 Reasons Why You Should Oppose TPP and TTIP” (2015) published in *The New American* saw the main danger in the fact that these lobbyists have greater power over the negotiations than the U.S. government, because they have easier access to the TTIP texts, while the elected representatives are allowed to read them only under close supervision.⁴⁴⁰ *The New American* has also openly criticized the U.S. public policy think-tank Council on Foreign Relations (CFR) for promoting global governance and the necessity to weaken state sovereignty in order to avoid international anarchy.⁴⁴¹

435 “The Strategic Importance of Stopping the Free Trade Agenda,” JBS News, August 26, 2014, accessed May 10, 2017, <<https://www.jbs.org/jbs-news/legislation/item/14378-the-strategic-importance-of-stopping-the-free-trade-agenda>>.

436 Jasper, W. F., “10 Reasons Why You Should Oppose TPP and TTIP,” *The New American*, June 5, 2015, accessed May 15, 2017, <<https://www.thenewamerican.com/usnews/constitution/item/21010-10-reasons-why-you-should-oppose-obamatrade>>.

437 Ibid.

438 Ibid.

439 Ibid.

440 Ibid.

441 Ibid.

Another article from *The New American*, “TTIP ‘Trade’ Regime Would Let EU Meddle in U.S. Policy”, added that TTIP would force the U.S. government to consult with the EU on all of its intended changes in the regulatory legislation.⁴⁴² Therefore, the author of this article, Alex Newman, argues that TTIP would enable the EU to interfere in U.S. policy.⁴⁴³ Moreover, he also states that TTIP would lead to additional, bloated bureaucracy.⁴⁴⁴ Several anti-TTIP marches have also taken place in the United States – for example, in October 2016 one was organized in front of the Ohio Statehouse on the occasion of the fifth anniversary of Occupy Wall Street.⁴⁴⁵

In the United States, there has also been a strong opposition to TTIP connected to the energy sector. On July 24, 2014, 36 activist organizations wrote a letter to the United States Trade Representative, Michael Froman, expressing their opposition to the EU’s proposal for a chapter on energy and raw materials.⁴⁴⁶ Among these organizations were, for example, Berks Gas Truth; Chesapeake Climate Action Network; Delaware Riverkeeper; Green America; League of Conservation Voters; or NEOGAP (Network for Oil & Gas Accountability and Protection).⁴⁴⁷ Their main concern was that the proposed energy chapter would increase the exports of U.S. crude oil and liquefied natural gas (LNG) to the European Union.⁴⁴⁸ In the letter they specifically wrote: “We call on the United States to oppose the inclusion of a specific chapter dedicated to energy or any provisions in the TTIP that could lead to automatic approval of export licenses for crude oil and natural gas.”⁴⁴⁹ The organizations’ main argument was that the U.S. energy policies must be decided through democratic domestic processes - “[...] not through trade agreements that are negotiated behind closed doors.”⁴⁵⁰ They pointed out that the TTIP energy chapter would remove the Energy Policy and Conservation Act from 1975 enacted during the Arab oil embargo, which regulates and puts restrictions on

442 Newman, Alex, “TTIP ‘Trade’ Regime Would Let EU Meddle in U.S. Policy,” *The New American*, March 23, 2016, accessed May 15, 2017, <<https://www.thenewamerican.com/world-news/europe/item/22837-ttip-trade-regime-would-let-eu-meddle-in-u-s-policy>>.

443 Ibid.

444 Ibid.

445 “March against the TPP [Trans-Pacific Partnership], TTIP [Transatlantic Trade and Investment Partnership], and all other secret trade agreements,” Columbus Free Press, accessed May 15, 2017, <<http://columbusfreepress.com/events/march-against-tpp-trans-pacific-partnership-ttip-transatlantic-trade-and-investment>>.

446 Physicians for Social Responsibility, July 2014, accessed May 15, 2017, <<http://www.psr.org/assets/pdfs/ttip-letter.pdf>>.

447 Ibid.

448 Ibid.

449 Ibid.

450 Ibid.

oil and gas exports.⁴⁵¹ It is also the U.S. heavy industry sector that benefits from these restrictions as they keep prices of electricity low.⁴⁵² In the letter, the organizations claimed that TTIP would make federal agencies (e.g. the Department of Energy) unable to assess whether certain exports of natural gas harm the public interest.⁴⁵³ In addition, the organizations expressed their disagreement with expansion of U.S. natural gas exports, because it would demand greater natural gas production by means of fracking which causes environmental damage.⁴⁵⁴

Another issue which stirred controversy among Americans was procurement. The EU has been putting great emphasis on the full access to the U.S. procurement market for the European companies, which is still, to a great extent, restricted for the EU suppliers (e.g. in case of public transportation services⁴⁵⁵). The EU's proposals for the TTIP procurement chapter required access to the U.S. procurement market on all levels, the largest of which creates the state level. Generally, in the United States, public tenders can be offered both to domestic and foreign suppliers.⁴⁵⁶ However, the so called Buy America law which regulates transit-related projects requires that certain amount of products and services the U.S. procurement authorities buy must be American-made.⁴⁵⁷ And the assembly or construction must be also at least partially done on the U.S. territory.⁴⁵⁸ As a result, under this law, EU producers have to turn American resources into semi-finished products in Europe, and afterwards they have to finalize the production in the United States.⁴⁵⁹ This process is problematic for the EU suppliers and investors, and therefore, the European Union proposed that this procurement barrier was reduced.⁴⁶⁰

451 Ibid.

452 "TTIP edges forward, buoyed by votes in U.S. Congress and EU Parliament," The European Institute, July 2015, accessed May 14, 2017, <<https://www.europeaninstitute.org/index.php/ei-blog/263-july-2015/2057-ttip-edges-forward-buoyed-by-votes-in-u-s-congress-and-eu-parliament-7-17>>.

453 Physicians for Social Responsibility, July 2014, accessed May 15, 2017, <<http://www.psr.org/assets/pdfs/ttip-letter.pdf>>.

454 Ibid.

455 Vincenti, Daniela, "Public procurement could be next TTIP deal breaker," *EURACTIV*, April 21, 2016, accessed May 14, 2017, <<http://www.euractiv.com/section/trade-society/news/public-procurement-could-be-next-ttip-deal-breaker/>>.

456 "Kryštof Kruliš: EU a USA se liší, úplného sjednocení standardů by v TTIP nešlo dosáhnout," *EurActiv.cz*, June 13, 2016, accessed May 14, 2017, <<http://euractiv.cz/rozhovory/obchod-a-export/krystof-krulis-eu-a-usa-se-lisi-sjednoceni-standardu-by-v-ramci-ttip-neslo-dosahnout-013353/>>.

457 Ibid.

458 Ibid.

459 Ibid.

460 "TTIP edges forward, buoyed by votes in U.S. Congress and EU Parliament," The European Institute, July 2015, accessed May 14, 2017, <<https://www.europeaninstitute.org/index.php/ei-blog/263-july-2015/2057-ttip-edges-forward-buoyed-by-votes-in-u-s-congress-and-eu-parliament-7-17>>.

The U.S. side has also objected to the EU proposals to include in TTIP financial provisions that would converge banking regulations.⁴⁶¹ The United States claims that convergence in financial services might endanger the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act which is supposed to “[...] promote the financial stability of the United States by improving accountability and transparency in the financial system, to end ‘too big to fail’, to protect the American taxpayer by ending bailouts, [or] to protect consumers from abusive financial services practices, [...]”⁴⁶²

The U.S. side also designated the EU’s precautionary principle as a form of protectionism and a barrier to trade.⁴⁶³ The precautionary principle basically means that “in case of insufficient scientific evidence on the existence of a risk, for instance by a product, the decision-maker may nevertheless take action and, for instance, apply regulatory restrictions on the producer or the product.”⁴⁶⁴ Especially the American food and agriculture lobby designates the precautionary principle as unacceptably protectionist and calls the U.S. government not to accept its inclusion in TTIP.⁴⁶⁵ Ed Mierzwinski, the U.S. Chair of Transatlantic Consumers Dialogue (TACD), said that the “US consumers want the same strong privacy laws, the same strong GMO laws, the same strong chemical safety laws that Europe has. But we are concerned that [the EU] may lose your protections as part of a deal.”⁴⁶⁶

461 Ibid.

462 Ibid.; “Dodd-Frank Wall Street Reform and Consumer Protection Act,” GOP, accessed May 14, 2017, <<https://www.gpo.gov/fdsys/pkg/PLAW-111publ203/html/PLAW-111publ203.htm>>.

463 “Trans-Atlantic Trade Talks Seen as Anti-Consumer,” DW, July 8, 2013, accessed May 14, 2017, <<http://www.dw.com/en/trans-atlantic-trade-talks-seen-as-anti-consumer/a-16874500>>.

464 Stoll, Douma, de Sadeleer, Abel, “CETA, TTIP, and the EU Precautionary Principle”, Food Watch, June 2016, accessed May 18, 2017, <https://www.foodwatch.org/fileadmin/Themen/TTIP_Freihandel/Dokumente/2016-06-21_foodwatch-study_precautionary-principle.pdf>.

465 “Trans-Atlantic Trade Talks Seen as Anti-Consumer,” DW, July 8, 2013, accessed May 14, 2017, <<http://www.dw.com/en/trans-atlantic-trade-talks-seen-as-anti-consumer/a-16874500>>.

466 Ibid.

4.2.2 Public Opinion and Anti-Trade Sentiments in the USA

According to a survey conducted by the international market research company, YouGov, there has been a slump in public support of TTIP in the USA (as well as Germany) in 2016.⁴⁶⁷ The survey found that the percentage of Americans supporting TTIP decreased from 53 % in 2014 to mere 18 % in 2016.⁴⁶⁸ (Similarly, in Germany, it was 55 to 17 %.⁴⁶⁹) The survey pointed out, that the then leading presidential candidates, Donald Trump and Bernie Sanders, were voicing their criticism of the trade deal.⁴⁷⁰ This factor very likely contributed to the sharp decline of the public support of TTIP.

Another factor that affected negotiations is the fact that anti-trade sentiments in the United States have dramatically increased over the past two years, and reached their recent peak with the election of Donald Trump.⁴⁷¹ These sentiments arose due to the perceptions that free trade agreements have lowered U.S. wages and driven away jobs (especially manufacturing), but also due to the rise of nationalism, which in the end resulted in the election of Trump.⁴⁷² The current U.S. President further perpetuates these sentiments via protectionist rhetoric and shapes American's attitudes to international trade agreements.⁴⁷³ In the article, "Globalization Isn't to Blame for Americans' Anti-Trade Sentiment. Trump Is", Daniel McDowell wrote that "[...] protectionism fits the Americans' general unease about foreigners and outsiders."⁴⁷⁴ The 'us-vs-them' and 'putting-America-first' attitudes are also a trigger for the anti-trade movements.⁴⁷⁵ The American population that opposes free trade agreements does not take into consideration the fact that thanks to free trade, the products and services they purchase in the United States are more affordable than they would be without specialization and trade liberalization, and that the country's production and consumption can thus be greater. Interestingly, according to a national survey analyzed by Diana C. Mutz, professors of political science at the University of Pennsylvania, trade views of

467 Barkin, Noah, "Survey shows plunging public support for TTIP in U.S. and Germany," *Reuters*, April 21, 2016, accessed May 20, 2017, <<http://www.reuters.com/article/us-europe-usa-trade-idUSKCN0XI0AT>>.

468 Ibid.

469 Ibid.

470 Ibid.

471 Stokes, Bruce, "Republicans, especially Trump supporters, see free trade deals as bad for U.S.," *Pew Research Center*, March 31, 2016, accessed May 21, 2017, <<http://www.pewresearch.org/fact-tank/2016/03/31/republicans-especially-trump-supporters-see-free-trade-deals-as-bad-for-u-s/>> pg. 1.

472 Ibid 1.

473 Ibid 1.

474 Ibid 4.

475 Walsh, Colleen, "Divided by Trade," *Harvard Gazette*, May 13, 2016, accessed May 21, 2017, <http://news.harvard.edu/gazette/story/2016/05/divided-by-trade/?utm_medium=social&utm_campaign=hks-twitter&utm_source=twitter>.

Americans were not as much connected to their political affiliation or job security, as by the levels of xenophobic / racist prejudices.”⁴⁷⁶ Domestic racism is mirrored in anti-trade sentiments.⁴⁷⁷ So even though most economists believe that international trade agreements benefit both the United States and its trade partners, the majority of U.S. citizens think that trade harms America and brings profit only to the other countries.⁴⁷⁸ In her survey, professor Mutz’s found out that “[...] most Americans favored the policy that benefited the United States over the trading partner.”⁴⁷⁹ She added that “no amount of trading-partner gain will compel Americans to support trade in the absence of the gains for the U.S. itself.”⁴⁸⁰ This means that Americans view international trade as a competition and they do not want to accept the situation in which both trade partners would win.⁴⁸¹ So as a result of this trade mindset, Americans are basically “only happy if [they] can beat the other guy.”⁴⁸² Daniel J. Ikenson similarly described this mindset in the article “Crucifying Trade for the Sins of Domestic Policy” as follows: “To win the contest — the story goes — Team America must outscore the foreign team. Exports are ‘our’ points, imports are ‘their’ points, and the trade account is the scoreboard. Since the scoreboard shows a deficit, Team America is losing at trade and — the [presidential] candidates tell us — we are losing because the foreign team cheats.”⁴⁸³ In addition, Diana C. Mutz also said that the anti-trade sentiments are also maintained by the U.S. media as it is easier to report on the negative impacts of globalization than on the abstract economic reasoning behind the job gains it brings.⁴⁸⁴ Moreover, the “negative consequences are a lot easier to visualize than positive ones.”⁴⁸⁵

In relation to the activity in Twitter’s top market – USA – Sabina M. Ciofu and Stefanuta Nicolae discovered in their analysis “TTIP, the Bullied Kid of Twitter”, that the number of anti-TTIP tweets in United States is much higher than in the EU.⁴⁸⁶ Ciofu

476 Ibid.

477 Ibid.

478 Ibid.

479 Ibid.

480 Ibid.

481 Ibid.

482 Ibid.

483 Ikenson, D. J., “Crucifying Trade for the Sins of Domestic Policy,” *CATO Institute*, March 28, 2016, accessed May 21, 2017, <<https://www.cato.org/publications/commentary/crucifying-trade-sins-domestic-policy>>.

484 Walsh, Colleen, “Divided by Trade,” *Harvard Gazette*, May 13, 2016, accessed May 21, 2017, <http://news.harvard.edu/gazette/story/2016/05/divided-by-trade/?utm_medium=social&utm_campaign=hks-twitter&utm_source=twitter>.

485 Ibid.

486 Ibid.

and Stefanuta thereby prove that “[this] refutes the widely spread assumption that all complaints are EU-based and that for American citizens it is not an important topic.”⁴⁸⁷

Based on the tenets of Robert Putnam’s two-level games theory which was introduced in chapter one, the Transatlantic Trade and Investment Partnership is a bright example of the interaction between the international level-one and domestic level-two negotiators. In the United States, TTIP was ultimately paralyzed by a sudden and radical change at the international level-one negotiations – i.e. the fact that President Barack Obama did not manage to conclude the deal by the end of his term, which was followed by the election of President Donald Trump whose protectionist and dismissive attitudes to trade agreements basically froze the negotiations for the time being. On one hand, President Trump’s approach to TTIP comes from his preference of economic protectionism, and his personal business experience in the field of U.S. domestic real estate, where he basically has never needed to rely on international trade. On the other hand, when it comes to international agreements’ negotiations, he had to implement the interest of his level-two domestic voters (e.g. the white working class⁴⁸⁸) who often, for example, believe that international trade agreements lead to a loss of jobs for Americans. Since the phrase ‘bringing jobs back’ (e.g. via withdrawing from international trade agreements) was one of Trump’s strongest arguments which contributed to his victory, it is very likely that his trade policies will continue to be influenced by these level-two domestic pressures over the course of his term.

487 Ibid.

488 Cox, D., Lienesch, R., Jones, R. P., “Beyond Economics: Fears of Cultural Displacement Pushed the White Working Class to Trump,” *PRRI*, May 9, 2017, accessed May 21, 2017, <<https://www.prri.org/research/white-working-class-attitudes-economy-trade-immigration-election-donald-trump/>>.

Conclusion

TTIP has been deemed the most ambitious mega-regional trade agreement which would significantly boost transatlantic GDP, trade, and investment activities. Importantly, TTIP is also highly geostrategic because it could transfer the concentration of the economic power to the transatlantic region. This shift could also enable the United States and the European Union to strengthen and sustain their position as the rule-makers of the international trade.

TTIP is also a clear example of Robert Putnam's *Two-Level Game Theory* in action within which international level-one and domestic level-two negotiators interact. In case of TTIP, the level-two negotiators are represented by various civil society groups, activists, lobbies, and domestic political parties, which have been able to put significant pressure on the chief negotiators at the international level, forcing them to make multiple concessions, as well as influencing and even halting the negotiating process. In addition, according to Putnam's theory, the domestic stands on the given agreement crystalize during the negotiations process. So in case of TTIP, there emerged multiple opposition forces during the negotiations, which made the whole process largely complicated. With the use of Putnam's theory, this thesis detected the differences in the anti-TTIP arguments used by the second-level stakeholders in the European Union and United States; analyzed the way they influenced the level-one negotiations; and revealed that both European and American stakeholders were able to effectively put pressure on the level-one negotiators and contribute to the freeze of the TTIP negotiations.

In spite of TTIP's predicted benefits, there has formed strong second-level opposition in the European Union. From the start of TTIP negotiations, the EU level-one negotiator, the European Commission, was fully aware of the importance of communication on TTIP with various second-level actors in order to reduce the risk of increased public skepticism towards the agreement which could consequently negatively influence its successful conclusion. Therefore, the Commission put an emphasis on advertising the gains expected from TTIP and paid close attention to the main issues which could complicate the negotiations process, such as the need for transparency and reducing the concerns about the lowering of standards. But despite the EU's efforts to strategically communicate the benefits of TTIP, there has been a massive

mobilization of the second-level anti-TTIP forces. The member states that have been the most skeptical about TTIP are Germany and Austria, where populist political parties, such as Alternative for Germany or the Freedom Party of Austria have been actively voicing their voters' rejection of the deal. As the domestic positions on TTIP were crystalizing, the members of the European Parliament had to adjust to their voters and represent their interest, which further complicated the negotiations process. Even Jean-Paul Juncker had to take into account the opposition opinions to be elected to the post of the President of the European Commission in 2014.

There are numerous anti-TTIP non-governmental actors in the EU that have managed to influence the chief negotiators. Their main arguments were mainly connected to consumer and environmental protection, corporate power, national sovereignty, ISDS, or employees' rights. They typically claimed that TTIP would lower EU standards as a result of trade harmonization. And their success has been heavily dependent on the framing of several iconic terms and themes connected to TTIP, such as import of U.S. 'chlorinated chicken' or GMOs, which proved to be highly effective because they strongly resonated with the public. These anxieties have been strengthened by the U.S. requirement to get greater access to the EU agricultural market via TTIP. Moreover, Europeans fiercely protested against the lack of transparency of the negotiations, because the European Commission did not provide them with access to the actual negotiations texts. Europeans have also been afraid of the inclusion of the Investor-State Dispute Settlement Mechanism (ISDS) in TTIP, as they have the suspicion that it could weaken democracy and sovereignty of the member states and give too much power to big corporations. These issues contributed to high politicization of this trade agreement. As a consequence, it became very difficult for the chief negotiators to effectively promote TTIP in relation to its economic aspects. Under the pressure of the second-level stakeholders, the European Commission made real concessions and declared a 'fresh start' to the TTIP negotiations in 2014. This was, for example, supposed to increase the transparency of the negotiations, and let various stakeholders participate in them.

Other European second-level factors which also contributed to the freeze of the TTIP negotiations included the relatively high effectivity of the TTIP opponents on social media, such as Twitter, where anti-TTIP posts have prevailed against pro-TTIP posts. The level-one negotiators did not pay equivalent attention to the power of social media, which empowered the TTIP opponents. Another factor that also very likely

contributed to the collapse of TTIP negotiations was the presence of anti-American sentiments in the EU. The Director of the Center for Transatlantic Relations at John Hopkins University, András Simonyi, correctly foresaw that the antipathies of the EU public and politicians towards the USA would pose a serious danger to the conclusion of TTIP.⁴⁸⁹

Even though the European opposition has been very loud and well-organized across different member states, this this clarified that it must not negate the U.S. opposition which has also been significantly active. The level-one TTIP negotiator in the United States is the Office of the United States Trade Representative (USTR) which belongs to the executive branch. In the United States, the ratification of TTIP was closely connected to the decision of the Congress to grant the President the Trade Promotion Authority (TPA), i.e. ‘fast track’ which advances negotiations of free trade agreements. Obama was given the TPA in June 2015. In United States, the main obstacles to TTIP occurred already at Level One in connection to TPA. This is because the opponents to the Obama’s intended trade agreements knew that TPA would accelerate the negotiations, and the chances at concluding TTIP would significantly increase. However, it is important to remember, that the arguments against TPA and TTIP were not identical. At Level One, the opponents to TPA claimed that it was unconstitutional because it undermined the separation of powers between the Congress and the President. They also argued that TPA lacked transparency, because it hindered the Congress from properly overseeing the negotiations or effectively amending President’s proposals. On the other side, it was mainly the business stakeholders that supported TPA, claiming that it would advance negotiations of FTAs, which would create new business opportunities for the United States. Interestingly, the Democrats were more skeptical of the decision to grant Obama TPA. They argued that free trade agreements could lead to lower wages and job losses. This position was propelled by their fear of losing the support of labor or the single-issue voter.

The U.S. level-two opposition to Obama’s trade initiatives protested more intensely against the Trans-Pacific Partnership (TPP) than TTIP. This is because Americans generally viewed TTIP as an agreement with a highly advanced economy, which could, for example, lead to better consumer and environmental protection and employee rights in the USA as a consequence of the alignment of standards. In contrast,

⁴⁸⁹ Simonyi, András, “America Is Not a 911 Number,” *Huffington Post*, January 17, 2015, accessed March 20, 2017, <http://www.huffingtonpost.com/andras-simonyi/europe-anti-americanism_b_6171562.html>.

the Americans had the suspicion that TPP would allow for importation of low-quality products from Asian countries, and lead to loss of jobs for U.S. citizens. The U.S. public interest groups also protested against TPA, arguing that it would deprive the Congress of control over trade negotiations. They also criticized the fact that the business stakeholders had, unlike the elected Congressmen and public, privileged access to the negotiating texts, rendering it undemocratic. The U.S. second-level opposition stakeholders mainly argued against the TTIP energy chapter proposed by the EU, because they thought that it would automatically increase the exports of U.S. oil and gas, without undergoing a democratic decision-making process. In addition, they claimed that the increased exports would require greater production of gas, which could harm the environment. The U.S. second-level actors also protested against the TTIP procurement chapter proposed by the EU, because it required access to the U.S. procurement market for EU companies on all levels, which could potentially negate the principles of the 'Buy America' law. Another reason for the U.S. level-two stakeholders to oppose to TTIP was the EU's proposal to converge financial regulations, because they had the suspicion that it could threaten the 2010 Dodd-Frank Street Reform and Consumer Protection Act. Americans also non-compromisingly criticized the EU's precautionary principle, designating it as a protectionist practice.

Another factor at Level Two which contributed to the collapse of TTIP negotiations are the recent anti-trade sentiments of Americans, which have increased with the victory of Donald Trump who, to a great extent, promotes protectionism. The anti-trade sentiments, which were dominant among Trump's voters, were frequently connected to the suspicion that free trade agreements lower wages and cause the offshoring of jobs. So the ultimate collapse of TTIP negotiations was closely connected to significant changes at Level One in the United States. Concretely, it was caused by the fact that President Obama was not able to complete his trade initiatives by the end of his term, as well as by the victory of Donald Trump, who inclines to protectionism and who had to voice the opinions of his second-level voters who frequently demanded return of jobs, such as manufacturing.

On the basis of Robert D. Putnam's *Two-Level Game Theory*, this thesis proved that the second-level anti-TTIP stakeholders and factors both in the European Union and United States effectively influenced the level-one negotiators which resulted in the freeze of the negotiations process. The arguments the level-two actors were using gave TTIP a highly politicized character, making it difficult for the chief negotiators to

effectively promote the agreement in terms of its economic benefits. De Ville and Siles-Brügge aptly commented on TTIP's development, stating: "[...] it is much easier to mobilize in opposition to the imminent threat of a specific agreement than to push for a more complex reform of the global trading system."⁴⁹⁰

⁴⁹⁰ De Ville, F., Siles-Brügge, G., *The Truth about the Transatlantic Trade and Investment Partnership*, (Cambridge: Polity Press, 2016) 127.

Summary

Using Robert D. Putnam's *Two-Level Game Theory*, this thesis analyzes the activities and influence of anti-TTIP second-level stakeholders on level-one negotiators. This thesis dissects the differences between the arguments used by the anti-TTIP second-level stakeholders in the European Union and United States. However, both groups were able to effectively put pressure on the level-one negotiators and contributed to the freeze of the TTIP negotiations.

Chapter one presents the state of the art connected to the opinions on free trade of relevant leading economists in the field. Chapter one also introduces, in detail, Robert D. Putnam's *Two-Level Game Theory*, as well as the attitudes of other relevant scholars to this theory. Chapter two discusses the development of the economic cooperation between the European Union and the United States; the basic economic indicators connected to their mutual trade and investments; as well as the basic background and characteristics of TTIP.

Chapter three focuses on mapping the activities of the second-level non-governmental groups in the European Union. In the EU, the anti-TTIP second-level stakeholders claimed that TTIP would lower EU standards as a result of trade harmonization. Specifically, they argued that TTIP would threaten product and consumer safety; environment; etc. Moreover, Europeans fiercely protested against the lack of transparency of the negotiations, and the inclusion of the ISDS in TTIP because it could increase the power of corporations over sovereignty of member states. The creation of certain iconic topics and fear-inducing terms connected to TTIP, such as 'chlorinated chicken' or 'hormone-treated meat' effectively mobilized the EU public to oppose the agreement. In addition, the current anti-American sentiments that have recently spread across the EU were also a factor which very likely contributed to the freeze of TTIP negotiations. The EU second-level stakeholders were able to effectively put pressure on the level-one negotiator, the European Commission, which had to make multiple concessions and announced a 'fresh start' of the negotiations in 2014.

Chapter four analyzes the forces and stakeholders that had an impact on the TTIP negotiations in the United States. In comparison to the EU, the objections occurred already at Level One in connection to the approval of TPA for President Obama. Many Congressmen and stakeholders objected to the 'fast track' because of its

alleged unconstitutionality and lack of transparency. They thought that TPA would advance Obama's trade initiatives, and increase the chances of approval of TTIP without proper congressional oversight. Unlike the EU, the U.S. anti-TTIP second-level actors objected mainly to TTIP's energy chapter which could lead to increased exports of U.S. oil and gas; access of EU companies to the American procurement market on all levels; potential loss of jobs for Americans; weakened sovereignty; and lack of negotiations transparency. Another level-two factor in the United States that very likely contributed to the collapse of TTIP negotiations were the recent anti-trade sentiments which have increased with Donald Trump's protectionist rhetoric. The anti-trade sentiments are frequently connected to the suspicion that free trade agreements lower wages and increase the offshoring of jobs. Nonetheless, TTIP negotiations were in the end definitively stalled by the development at Level One in the United States. Concretely, it was caused by the fact that President Barack Obama had not managed to conclude this trade initiative before the end of his term, as well as by the election of President Donald Trump who had to stand for the opinions of his second-level voters who often required return of jobs, such as manufacturing.

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