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Abstract

The aim of this paper is to look at the Transatlantic Trade and Investment Partnership (TTIP) from different angles. Referred to as being more than just a classic free trade agreement, TTIP goes beyond what we have seen in international trade by the EU so far. If that is true, it is crucial to see what motivations the EU has to negotiate TTIP and understand why the negotiations take place at this moment. Conducting twenty expert interviews and relating their outcome with three working hypotheses, we find strong evidence for a strategic rationale in TTIP, especially with a realist emphasis. We learn that the underlying theories are not only interlinked, but even reinforce each other.

“It is clear that the rise of the emerging economies means that Europe and America’s influence on inter-national economic rule-making must, over time, decline. Now that is a fact of the 21st century (...) what we should aim for, therefore, is to work together – and with other like-minded partners – as much as possible.

And the Transatlantic Trade and Investment Partnership along with the CETA agreement with Canada – with its focus on regulatory coherence and international trade rules - is exactly the tool to do this.”¹

Cecilia Malmström
European Commissioner for Trade

Almost 25 years ago, the end of the Cold War marked to some scholars the “end of history”², with democracy and capitalism, and thus the Western model, defining the future.³ Some even went as far as saying that the West would be the new Rome in the upcoming millennium, but unlike its predecessor, would never decline.⁴

The statement of Trade Commissioner Malmström, however, shows that central policy makers at the EU level are aware of a declining Western influence – and therefore have launched a variety of initiatives to counter these developments. One of these instruments can be seen in the Transatlantic Trade and Investment Partnership (TTIP), making clear that this is more than just a traditional trade agreement. In a recent speech, she highlighted a strategic component of this modern international trade agreement – an aspect that lacks academic coverage.⁵ TTIP is indeed pervasive in its scale and

The insights of this paper emerged during my time at the College of Europe, a place where I learned an incredible amount about European politics and international relations in less than a year. For this knowledge and the great time I had there with fellow students of more than 40 nations, I am deeply thankful. Looking back at these intense ten months in Bruges, the words of Nelson Mandela come to my mind: “It always seems impossible until it’s done.” This year and my master’s thesis were challenging, but they also taught me that a lot can be learned and achieved as long as one is passionate about it. I thank all the people who supported me during this time, especially my friends and family.

¹ C. Malmström, *Speech on Transatlantic and Global Trade, and Security*, 2015, p. 4, retrieved on 14 March 2015, http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153138.%20Ass.%20150213.pdf,

² F. Fukuyama, *The End of History and the Last Man*, New York, Macmillan, 1992, p. 64.

³ T. Struye de Swielande, ‘From Emerging Power to Superpower: A Long Way to Go?’, in: T. Renard and S. Biscop, *The European Union and Emerging Powers in the 21st Century*, Surrey, Ashgate Publishing, 2012, p. 3.

⁴ M. Cox, ‘Power Shifts, Economic Change and the Decline of the West?’, *International Relations*, vol. 26, no. 4, 2012, p. 370.

⁵ J. Fleming, ‘Commission to reframe 'geopolitical' trade strategy’, *EurActiv*, retrieved on 2 April 2015, <http://www.euractiv.com/sections/trade-society/commission-reframe-geopolitical-trade-strategy-313207>.

profoundness: upon completion, it would create a market with 800 million consumers with high purchasing power, including one third of global trade and almost half of the global GDP.⁶ TTIP can be divided into three pillars: a traditional free trade agreement (FTA) reducing tariffs; deep regulatory cooperation; and a set of rules that go beyond already existing international rules. It is these latter set of rules which is said to have a powerful influence on many domains such as energy security or transatlantic values.⁷

Yet, the negotiation positions of the Commission were only published in January 2015, and thus this field of research is currently only developing. The aim of this paper is to shed light on the motivations from the EU-side, in order to reveal if there are strategic motivations and to analyse their political and geopolitical nature. After all, many scholars see a transformation from military might to economic strength as the key factor to become or remain influential in an increasingly multipolar world.⁸

The added value of this paper is, consequently, to gain a deep understanding of the motivations of the EU to negotiate TTIP. Do we only or predominantly determine economic motivations, or is there something beyond an economic dimension, explainable by political and geopolitical motivations? Can we assert a strategic rationale of the EU, as our title suggests? TTIP is highly debated, but these aspects lack coverage, although they are important to understand the full picture. As TTIP is currently being negotiated, this will help us to understand aspects which are less covered and not touched upon by academic literature so far. Finally, and most importantly, it will help us in preparing for the future which would come with TTIP.

Coming from the overall goal of this paper, which is to shed light on the motivations from the EU-side and analyse if TTIP contains more than just an economic rationale, we assume a plurality of motivations on why the EU negotiates TTIP. To point out a clear focus of the present paper, which is crucial to achieve an added value and which allows a deep analysis of especially the political and geopolitical factors, we set the following limitations:

⁶ European Commission, *European Union, Trade in Goods with USA*, 2014, pp. 2ff., retrieved on 16 March 2015, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113465.pdf.

⁷ Federation of German Industries (ed.), *Transatlantic Trade and Investment Partnership (TTIP) – Myths, Facts & Arguments*, Berlin, 2014, pp. 20f.

⁸ M. Scanlan, 'Re-examining the transatlantic trade agenda: expanding trade and enhancing national security: framing essay', in: S. Roy, D. Cooper, B. Murphy, *Transatlantic Relations and Modern Diplomacy*, New York, Routledge, 2014, p. 61.

1. TTIP is at its core a trade agreement, and an economic analysis is therefore crucial to understand the motivations of the EU. However, this has already been covered by comprehensive analyses of senior economists. The focus of the present paper is on additional political and geopolitical factors.
2. The research question already points out the focus of the EU as the object of analysis. This marks a systemic level and thus the most macro level in IR.⁹ It should be mentioned that due to the capacity of the paper, we will not further specify the motivations that the variety of actors *within* the EU have. This step is undertaken in the context of the negotiation mandate obtained by the European Commission in June 2013. Nonetheless, other actors might have different or additional motivations, and we are aware of the two-level game in IR.¹⁰ While this is a limitation, it should be pointed out that such an assessment has already been undertaken in previous work.¹¹
3. Lastly, we need to acknowledge the fact that TTIP is currently being negotiated at the time of writing, and only a limited amount of official negotiation papers and documents from the Commission are published so far. Thus it is both speculative what the complete picture and content of EU motivations is and what the final result will look like.

We have already seen in the introduction that key statements build on multiple argumentations as well – and thus need to research these underlying motivations more closely. By packing this multiplicity in the word ‘strategic’ (just as Commissioner Malmström did), we derive the following research question: *Beyond the economic rationale, what is the strategic relevance of TTIP for the EU?* Strategic relevance is hereby understood as promoting the overall plan of action of the EU, which includes a variety of goals in the EU’s international trade agenda, such as encouraging international trade or safeguarding the EU’s values in the world.

The constructed research question is broad enough to encompass political- as well as geopolitical factors, which could be potentially incorporated in TTIP and its rationale. The preliminary hypothesis follows this logic:

⁹ K. Waltz, ‘Three Levels of Analysis’, *World Politics*, vol. 12, no. 3, 1960, pp. 453f.

¹⁰ R. Putnam, ‘Diplomacy and Domestic Politics: The Logic of Two-Level Games’, *International Organization*, vol. 42, no. 3, 1988, pp. 433f.

¹¹ P. Aragón, *More than economics: The political motivations of the European Union in the Transatlantic Trade and Investment Partnership*, Bruges, 2014. In his work, Aragón examines especially the motivations of the three central EU institutions, namely the Commission, the Council and the Parliament.

TTIP is much more than just a traditional trade agreement, and its political and geopolitical aspects make it a strategic element in maintaining – at least to a certain extent – Europe’s role in an increasingly multi-polar world.

To unravel the strategic relevance and hidden motivations, the author conducted a considerable number of interviews, both with EU officials as well as experts on trade and EU foreign policy. These interviews were categorized into three groups: EU officials, NGO- and think tank experts, as well as academic researchers.¹²

The six themes which were treated throughout the interviews were as follows:

- 1) Which priorities do you see within TTIP?
- 2) Is there a geopolitical aspect? And if so, how is it defined?
- 3) Is there a link between the concept of the ‘balance of power’ and TTIP?
- 4) What role do transatlantic values play in the context of TTIP?
- 5) What role do energy- and sustainable development issues play in context of TTIP?
- 6) Finally, will the negotiations lead to a successful conclusion of TTIP?

1 Theoretical Framework

Before analysing the motivations of the EU, we need tools to do so. Theory is a crucial element in our proceedings, as it provides us with “a set of templates or pre-packaged analytical structures for the multiple ways in which an event or activity (...) might be categorized, explained or understood.”¹³ Deciding which theory applies best in the case of TTIP is not an easy task due to its complexity – shown for example in the fact that in total 15 parliamentary committees of the EP are working on TTIP.¹⁴ First and foremost, we need to recognise that TTIP is a FTA at its core: FTAs are above all concluded for an economic reason, namely economic growth and technological development. Yet, as the title suggests, we will go beyond the economic perspective, as this has been extensively covered in various studies already.¹⁵ We will consequently focus on other theories, with

¹² The three groups as well as the six central themes are provided in annex I.

¹³ J. Sterling-Folker (ed.), *Making Sense of International Relations Theory*, Boulder, Lynne Rienner, 2006, p. 5.

¹⁴ European Parliament, *The European Parliament and the TTIP*, 2015, retrieved on 29 March 2015, <http://www.europarl.europa.eu/news/en/news-room/content/20150224BKG25024/html/The-European-Parliament-and-the-TTIP>.

¹⁵ J. Pelkmans et al., *EU-US Transatlantic Trade and Investment Partnership - Detailed Appraisal by the EP Ex-ante Impact Assessment Unit of the European Commission’s Impact Assessment*, Brussels, 2014; G. Felbermayr, B. Heid, S. Lehwald, *Transatlantic Trade and Investment Partnership (TTIP) - Who benefits from a free trade deal?*, Gütersloh, 2013; J. Capaldo, *The Trans-Atlantic Trade and Investment Partnership: European*

each providing important pieces to the overall puzzle. The main aspects of these theories are summarised in a table at the end of this section.

In the introduction of this paper we have seen a quote of Malmström arguing that TTIP will strengthen Europe's role in the world. This shows a rather realist perspective. Realism is categorised into three core assumptions: groupism, egoism and power-centrism. While groupism describes a group solidarity by humans to improve their conditions, this group behaviour leads to conflict with other groups, as nationalism is the instrument to achieve cohesion. Egoism points out that once faced with a trade-off between altruism and self-interest, human nature decides for egoistic behaviour. Lastly, power-centrism is a crucial feature, arising from inequalities and expressing them both in social influence or control and material resources. In the empirical part, we will test these three aspects by applying them to specific chapters within TTIP. We will also integrate the origins of realism, reflected in Mackinder's heartland theory¹⁶, which is based on the original foundation of a heartland which controls the rim lands and thus the rest of the world. We recognize its importance by adding Rosecrance's update¹⁷ to this theory, which follows this observation by assessing that "the virtual state – a state that has downsized its territorially based production capability – is the logical consequence of this emancipation from the land."¹⁸ This leads us to the following hypothesis:

*H1: The EU negotiates TTIP in order to secure its interests in an increasingly challenging and unbalanced system of powers, both geopolitically as well as economically.*¹⁹

However, this approach needs to be complemented by a liberal explanation: in contrast to realists, liberalists look at international relations more positively as a potential area of change and progress. States are expected to launch and escalate conflicts less frequently than other states, which is known as the 'democratic peace theory' and they are also more likely to practice and participate in international trade and investment, which

Disintegration, Unemployment and Instability, Global Development and Environment Institute Working Paper No. 14-03, Medford, 2014.

¹⁶ H. J. Mackinder, 'The Geographical Pivot of History', *The Geographical Journal*, vol. 23, no. 4, pp. 421 – 437; cited in: ; G. Sloan, 'Sir Halford J. Mackinder: The Heartland theory then and now', *Journal of Strategic Studies*, vol. 22, no. 2, 2008, p. 35.

¹⁷ R. Rosecrance, *op.cit.*, p. 46.

¹⁸ R. Rosecrance, *loc.cit.*

¹⁹ Extensive information on realism can be found in: J. Sterling-Folker, 'Realist Approaches', in: J. Sterling-Folker (ed.), *op.cit.*, p. 13.

results in peace due to their interdependence.²⁰ Through several interviews we will analyze what role this interdependence plays. We can thus derive the following hypothesis:

H2: The EU negotiates TTIP in order to strengthen economic interdependence and international institutions (understood here more widely as a global governance system).

As a final approach, we will also analyse TTIP from a social interactions angle. Constructivism examines the role of social interactions across borders, which might transform old rivalries through institutionalised interactions.²¹ Interests and identities are socially constructed by the way we interact and the social context. This process can be understood as a cycle of signalling, interpreting and responding.²² Is this process reflected in TTIP and to what extent? The interviews and a broad research of published research of both transatlantic partners will be used to understand this. We can thus formulate the following hypothesis before coming to an interim conclusion of our conceptual part:

H3: The EU negotiates TTIP in order to strengthen the process of socialization of transatlantic values and to institutionalise its interactions with the US for a strong Western identity.

As noted by Flockhart, theories “imply different policy options and they contain different assumptions about how the world works.”²³ The highlights of each theory regarding their empirical aspects, their conception of power, and normative aspects are summarized in the table below. The theory of international trade theories are included in order to illustrate the different empirical and normative aspects compared to the theories used.

²⁰ D. Rousseau, T. Walker, ‘Liberalism’, in: M. Cavelti, V. Mauer: *The Routledge Handbook of Security Studies*, New York, Routledge, 2010, p. 21.

²¹ see: K. Deutsch, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience*, Princeton, Princeton University Press, 1957.

²² J. Sterling-Folker, ‘Liberalism’, in: J. Sterling-Folker (ed.), *op.cit.*, p. 116.

²³ T. Flockhart, *op.cit.*, p. 79.

| Theory | Empirical aspects | | Conception of power | Normative aspects | |
|--|----------------------|---------------------------|---------------------|--|-----------------------|
| | Agency-structure | Ideational vs. Material | | Value commitment | Orientation to change |
| International trade theories | Agential (States) | Material | Economic | International exchange and cooperation | Mostly optimistic |
| Realism | Structural (Anarchy) | Material | Compulsory | National interest | Sceptical |
| Liberalism (understood as neoliberal institutionalism) | Agential (States) | Rational-institutionalism | Institutional | International cooperation | Optimistic |
| Constructivism | Structur-ationist | Ideational | Structural | International cooperation | Mostly optimistic |

Table 1: Empirical and normative faces of the analysed theories²⁴

For the author, the learning process about these conceptual theories can be illustrated as a puzzle that slowly builds up the whole picture: while some parts can show certain elements, it is only the composition of all parts that leads us to the overall picture. The following application will unravel which theory can best explain certain aspects of TTIP and ultimately answer our overall research question regarding the motivations of the EU to negotiate TTIP.

2 The Trade Framework of the EU and the Origins of TTIP

On 17 June 2013, the Council released a mandate to the European Commission which covered the subject of TTIP.²⁵ While initially not raising high public awareness, the

²⁴ Author's own creation, based on: C. Reus-Smit, D. Snidal, 'Overview of International Relations: Between Utopia and Reality', in: Robert Goodin, *The Oxford Handbook of Political Science*, New York, Oxford University Press, 2011, p. 693.

current EU trade commissioner Malmström now acknowledges that TTIP is “the most contested acronym in Europe.”²⁶

The idea for a transatlantic trade agreement has existed for more than two decades. While the EU and the US had already adopted the Transatlantic Declaration in 1990, cooperation got more focused in economic terms with the New Transatlantic Agenda (NTA) in 1995 and its follow-up, the Transatlantic Economic Partnership (TEP).

However, the TEP produced few tangible results and as a consequence, the EU and the US highlighted the ‘Strategy for Strengthening EU-US Economic Partnership’, which called for a FTA between the two economies. With the announcement of President Obama in his State of The Union speech in 2013, and the simultaneous dialogues of European Council President van Rompuy and European Commission President Barroso, TTIP was officially launched.²⁷

TTIP covers a 25% of worldwide exports and 31% worldwide imports, and an even greater share of foreign investment stocks.²⁸ Yet we should be aware of the closing ‘window of opportunity’ that we outlined in the introduction, thus the projected decrease of economic power due to the rise of emerging markets.

Setting TTIP in a broader international trade framework of the EU, we recognize the Common Commercial Policy as one of the oldest and most integrated policies of the EU. The Treaty of Lisbon continues to highlight in Article 206 Treaty of the Functioning of the European Union (TFEU) that “the Union shall contribute, in the common interest, to the harmonious development of world trade.”²⁹ However, the following Article makes a connection to the Union’s external action, which in turn shows in Article 21 (1) TEU the much broader idea and intention of the EU’s trade policy, emphasizing the promotion of values, peace, sustainable development, a multi-lateral cooperation and the integration of all countries into the world economy.³⁰ As Gstöhl points out, this happens for the first time in the EU’s history and is of crucial importance, since “EU trade policy shall thus be guided

²⁵ Council of the European Union, *Directives for the negotiation on the Transatlantic Trade and Investment Partnership between the European Union and the United States of America*, Brussels, 2013, p. 2.

²⁶ found in: I. Traynor, ‘TTIP divides a continent as EU negotiators cross the Atlantic’, *The Guardian*, 2014, retrieved on 07 April 2015, <http://www.theguardian.com/business/2014/dec/08/transatlantic-trade-partnership-ttip-dividing-europe-cecilia-malmstroem-washington-debut>.

²⁷ G. Workman, J. Smith, *Bridging the Transatlantic Economy: The Transatlantic Trade and Investment Partnership in Historical Perspective*, Washington, Working Paper, 2013, pp. 5f..

²⁸ Center for Transatlantic Relations, *WTO in “Le Monde”*, 2013, cited in: B. de Largentaye, *Challenges and prospects of a transatlantic free trade area*, Policy Paper of Notre Europe, Paris, 2013, p. 9.

²⁹ Article 206 TFEU

³⁰ Article 21 TEU

by much broader goals than simply liberalizing trade and investment. The European Union aims to combine economic interests, political values and other norms in its external relations, yet without indicating any prioritization among these objectives."³¹

Consequently, trade is a crucial element in the EU's policy mix. In 2013, a Commission contribution to the European Council stated in its first sentence that "trade has never been more important for the European Union's economy."³² It argued that trade not only stimulates job growth internally, but it also positions Europe well in times of global value-chains (GVCs) and an increasingly connected world. The result is an unprecedented bilateral trade agenda of the EU: while in 2006 less than a quarter of EU trade was covered by FTAs, the conclusion of all trade agreements would bring up this number to more than 50%.³³ TTIP is a cornerstone and key agreement, but is one amongst many FTAs, which become increasingly important in a globalized world.³⁴

Concerning its goals, the "clear objective during the current negotiation rounds is to make as much progress as possible in all three areas of the negotiations:

- ❖ market access, namely tariffs, services and procurement
- ❖ the regulatory cluster, covering both horizontal and sectorial elements and
- ❖ rules."³⁵

As Hamilton points out, "in this regard, the TTIP is far more than just another free trade agreement; it is poised to be the major political, strategic and economic driver of the transatlantic relationship over the course of this decade."³⁶ We will consequently analyse these drivers in the following chapters, starting with the rationalism one.

3 Realist and Geopolitical motivations of the EU to negotiate TTIP

"Regions have a role on the international stage. But if we want to project European values on a global scale, we also need unity. Because on

³¹ S. Gstöhl, 'The European Union's Trade Policy', *Ritsumeikan International Affairs*, vol. 11, no.1, p. 9.

³² European Commission, *Trade, Growth and Jobs - Commission contribution to the European Council*, 2013, retrieved on 08 April 2015, http://trade.ec.europa.eu/doclib/docs/2013/april/tradoc_151052.pdf, p. 1.

³³ *Ibid.*, p. 4

³⁴ European Commission, *Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*, 2014, retrieved on 08 April 2015, http://ec.europa.eu/europe2020/pdf/europe2020stocktaking_en.pdf.

³⁵ European Commission, *TTIP Round 8 - final day press conference*, 2015, retrieved on 09 April 2015, http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153110.pdf, p. 1. More information on the goals of TTIP can be found on the Commission's website:

http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153121.pdf.

³⁶ D. Hamilton, L. Simón, *Interview with Daniel Hamilton*, retrieved on 10 April 2015, <http://www.europeangeostrategy.org/2014/01/interview-daniel-hamilton-part-one/>.

these issues, size does matter. And increasingly so. (...) And who else is there with us at the international top table of the future, along with China, Russia, and India? Who, like us, firmly believes that globalisation needs to be framed by a clear set of rules on everything from product safety to human rights?

Which of those other top five world economies will share our high standards of regulation, democracy, and the rule of law? **The United States.**

And that's why we need the Transatlantic Trade and Investment Partnership. To strengthen our transatlantic partnership for long term!"³⁷

Cecilia Malmström

European Commissioner for Trade

This recent statement of Commissioner Malmström indicates the EU's political and geopolitical aspirations sought by negotiating and concluding TTIP. It also confirms one of the interviewees' claims that "the Commission is increasingly open in regards to the political and geostrategic aspects within TTIP."³⁸ In fact, 12 of the 19 interviewees stated that the political and geopolitical rationale behind TTIP is at least equally, if not more, important than the economic one. Of those 12, 9 attributed a rather realist dimension to the overall motivation of the two partners in negotiating TTIP. However, the realist motivation is especially seen on the US side, whereas for the EU there is less such thinking, according to the interviews held. One interviewee mentioned that this is actually a weak factor of the EU, stating that "in order to have an equal say and ensure its own objectives, the EU should be more aggressively following its intentions and rely on its power."³⁹

This power is above all based on economic power, as we have already seen in the introduction of this paper and the economic assessment. The EU is proud of its achievements, which is emphasised by the statement on the website: "The EU is in prime position when it comes to global trade. The openness of our trade regime has meant that the EU is the biggest player on the global trading scene."⁴⁰ It was also emphasised in the

³⁷ C. Malmström, *Speech on TTIP: Subsidiarity and other shared transatlantic principles*. 2015, p. 5, retrieved on 14 April 2015, http://trade.ec.europa.eu/doclib/docs/2015/february/tradoc_153135.pdf.

³⁸ Interview with an Executive Member of the European Institute for Security Studies (EUISS) and expert on EU Foreign Affairs, Bruges, 21 March 2015.

³⁹ Interview with Pierre Defraigne, *loc.cit.*

⁴⁰ European Commission, *EU position in world trade*, 2015, retrieved on 14 April 2015, <http://ec.europa.eu/trade/policy/eu-position-in-world-trade/>.

interviews with the officials of the Commission and the EP, with one interviewee clarifying that “economic power is crucial to make our voice heard.”⁴¹

In times of globalisation and the rising importance of geo-economics, this power is indeed crucial and may well serve to secure one’s interest as well as impose one’s will, at least to a certain extent. This argumentation is based on Rosecrance⁴², who links economics and IR, as well as think tank contributions and several of the conducted interviews.⁴³ Already in 1986, Rosecrance argued that the balance of trade was replacing the balance of power. This shift is indeed observable for the EU: already at a low level of 1.8% expenditure of total GDP in 2009, the spending was cut further and reached 1.6% in 2013. Interestingly, the US military budget peaked at 4.7% of GDP in 2010 and since then also sees a decline (3.8% in 2013).⁴⁴ Yet the EU military spending is not only well below the targeted 2.0% military spending agreed in NATO, it also causes tensions in the transatlantic collaboration. Americans are increasingly frustrated that the Europeans concentrate solely on their economic power.⁴⁵ A more recent writing of Rosecrance argues that territory becomes an aspect of the past, as “the only international civilization worthy of the name is the governing economic culture of the world market.”⁴⁶ This connects Rosecrance’s writing with the heartland theory of Mackinder.⁴⁷ This claim is supported by an interviewee, stating that while some aspects of the heartland theory, such as the importance of railways, no longer apply, the core of the theory, namely that there is a centre of power which can control the rims, is still valid today. Rosecrance follows this observation by assessing that “the virtual state – a state that has downsized its territorially based production capability – is the logical consequence of this emancipation from the land.”⁴⁸ This claim was recently confirmed by Mahbubani, a diplomat who foresees a new global governance system based

⁴¹ Interview with the advisor for the domain of international trade of a MEP (European Conservatives and Reformists Group), telephone interview, 31 March 2015.

⁴² R. Rosecrance, *op.cit.*, p. 46.

⁴³ see: M. Griffiths, S. Roach, S. Solomon, *op.cit.*, p. 114f.; G. Grevi et al., *Empowering Europe’s Future: Governance, Power and Options for the EU in a Changing World*, Madrid, 2013, pp.17f.

⁴⁴ The World Bank (ed.), *Military Spending (% of GDP)*, 2015, retrieved on 15 April 2015, <http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS/countries/EU-US?display=graph>.

⁴⁵ J. Shea, *NATO’s Future and NATO-EU Relations: Are we Condemned to be Eternal Rivals?*, Workshop attended by the author, Bruges, 07/08.11.2014.

⁴⁶ R. Rosecrance, ‘The Rise of the Virtual State’, *Foreign Affairs*, vol. 74, no. 4, 1996, p. 45.

⁴⁷ H. J. Mackinder, ‘The Geographical Pivot of History’, *The Geographical Journal*, vol. 23, no. 4, pp. 421 – 437; cited in: ; G. Sloan, ‘Sir Halford J. Mackinder: The Heartland theory then and now’, *Journal of Strategic Studies*, vol. 22, no. 2, 2008, p. 35.

⁴⁸ R. Rosecrance, *op.cit.*, p. 46.

on economics.⁴⁹ We consequently see an application of rationalism by the two transatlantic partners, using economics as a unique power tool. But can we go as far as saying that there is an impressive share of realism included in these projections of power?

Groupism in the case of TTIP can be seen in the fact that the two transatlantic partners got together, and, as the quote of Malmström in the beginning of this chapter illustrates, there is clearly a strategic thought behind this group solidarity. She states that in addition to economic pressure by rising developing countries, the setting of a regulatory framework and the will to push values are shared with the US. The groupism effect is especially valid when recognizing that such comprehensive FTAs are normally concluded between partners that are not equal in economic size, whereas TTIP puts two of the four biggest trading partners together.

Egoism describes an egoistic behaviour that reveals itself when feeling under pressure. Most of the interviewees stated that among the three characteristics of realism, this is probably the least distinctive one in the case of TTIP, yet it still applies. The EU's primary goal in international trade is to reach multilateral agreements within the WTO.⁵⁰ However, due to the blockage since the Doha Round, the EU has intensively worked on bilateral trade agreements as a way to "ensure global rule setting (...) [and to] go beyond existing WTO rules."⁵¹ As a result, the Commission has more than 200 FTAs already in place, and currently negotiates many more, e.g. with Japan, Malaysia and India.⁵² The reasons for these ambitions are threefold. First, the EU wants to be well equipped for possible reignited multilateral talks within the WTO. At a conference, an EU official stated that "TTIP should prepare us for more multilateralism in the future."⁵³ Second, the economic benefits, which are often cited as a reason to conclude TTIP by the Commission, are, according to the Bertelsmann study, especially beneficial for the troubled PIGS (Portugal, Ireland, Greece and Spain) countries, as they are all expected to gain in employment. This will thus (hopefully) counter anti-European sentiments, and strengthen the EU internally.⁵⁴ This leads us to the third and last point, namely that the Commission expects a

⁴⁹ K. Mahbubani, *The Great Convergence: Asia the West, and the Logic of One World*, New York, PublicAffairs, 2013.

⁵⁰ European Commission, *EU and WTO*, 2013, retrieved on 15 April 2015, <http://ec.europa.eu/trade/policy/eu-and-wto/>.

⁵¹ Interview with Head of Unit at DG Trade (1), specialized on enterprises, Brussels, 30 March 2015.

⁵² European Commission, *Overview of FTA and other trade negotiations*, 2015, pp. 1ff., retrieved on 15 April 2015, http://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf.

⁵³ College of Europe, *Sixth Bruges European Business Conference*, Bruges, 17 March 2015.

⁵⁴ Interview with Jacques Pelkmans, *loc.cit.*

consolidation of its capabilities and, with the 'living agreement' character of TTIP, intends to shape future policies more clearly and distinctively. This feature is expected to lead to future coherence and strong cooperation, once again emphasizing the groupism capacity of TTIP.⁵⁵

Power-centrism is certainly the most renowned attribute of realism theory, and we have already outlined the shift to economic power as a central instrument to shape policies and decisions on a global scale in the beginning of the chapter. TTIP is expected to create exactly the global governance system Mahbubani⁵⁶ wrote about, and it is in this context where Mackinder's heartland theory and geo-economic concepts merge. Many scholars see TTIP as a way to maintain or restore the leadership in economic and geopolitical terms of a Western world, which is increasingly challenged by the emerging nations. As Bendini notes: "TTIP enthusiasts strongly believe that the deal 'would thus constitute an important step forward in renewing the West's political vitality and enabling it to continue serving as the anchor of liberal democracy amid a world in change.'"⁵⁷

It should be noted that the three characteristics are interconnected, and most of the interviewees saw a stronger motivation of the US regarding these three characteristics than the one of the EU. However, all of those acknowledge a stronger US emphasis on these three features, and consequently the realist dimension also recognised a similar pattern for the EU: albeit not expressing itself as drastically as the US in this context, the EU follows self-interested and power-related goals to "continue having a say in the 21st century."⁵⁸

Energy Supply and Security in the 21st Century

The chapter of energy within TTIP plays a crucial role in the geopolitical context of TTIP - at least according to 13 out of the 20 interviewees' responses. We will analyse the topics of energy supply and security more closely in this section in order to assess if they hold true in a first step, and to reveal potential motivations of realism on the EU side as a second step. Energy security is hereby understood using the International Energy Agency

⁵⁵ Euractiv.com (ed.), *Business alliance set to drive EU-US trade deal*, 2013, retrieved on 15 April 2015, <http://www.euractiv.com/specialreport-eps/business-alliance-set-drive-eu-u-news-519811>.

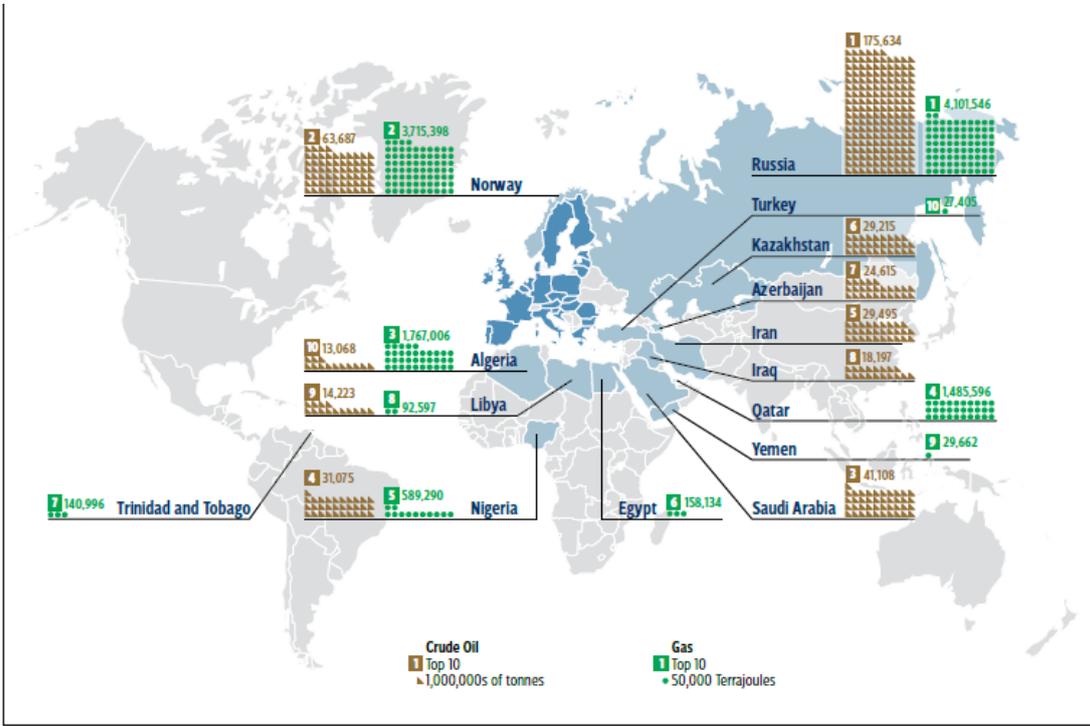
⁵⁶ K. Mahbubani, *The Great Convergence: Asia the West, and the Logic of One World*, New York, Public Affairs, 2013.

⁵⁷ R. Bendini, *EU and US trade policy and its global implications, (TTP, TTIP and China)*, European Parliament, Brussels, 2014, p. 17.

⁵⁸ Interview with Christian Egenhofer, Senior Fellow at the Centre for European Policy Studies (CEPS), Bruges, 31 March 2015.

(IEA) definition, which specifies it as “the uninterrupted availability of energy sources at an affordable price.”⁵⁹ Clearly, the term ‘affordable price’ leaves some room of interpretation.

Energy and its linked security play an important role in global politics, which can be seen in oil and gas embargoes, pipeline projects which are pushed or constraint by global power races, or non-legitimate regimes benefitting from energy exports.⁶⁰ Since the disruptions the EU faced in 2006 and 2009 by the Russian gas supply, and the Russian-Ukraine conflict in 2014, there is consequently a discourse around the thought that the “dependence on Russian gas creates unacceptable geopolitical risks.”⁶¹ The fact that especially gas symbolises a high level of dependency is due to the lack of an international market (contrary to oil) and the strong reliance on one external supplier, as the following graph illustrates:



Source: Eurostat

Figure 1: Top 10 external energy suppliers to the EU (2011)⁶²

⁵⁹ M. van der Hoeven, *Europe’s Energy Trilemma – Energy security, environmental sustainability, and economic prosperity*, Zuyd, 2014, p. 3.

⁶⁰ I. Dreyer, G. Stang, ‘Energy moves and power shifts’ – EU foreign policy and global energy security’, *EU Institute for Security Studies (ISS)*, vol. 18, no. 1, 2014, p. 5.

⁶¹ The Oxford Institute for Energy Studies (ed.), *Reducing European Dependence on Russian Gas - distinguishing natural gas security from geopolitics*, Oxford, 2014, p. 74.

⁶² taken from: I. Dreyer, G. Stang, *op.cit.*, p. 32.

Yet this graph does not provide the full story behind energy- and especially gas-dependency, as it appears that the EU has quite some alternatives with Norway, Algeria and Qatar as suppliers. A look at the country-specific concentration index for natural gas supplies from outside the European Economic Area reveals, however, that while some member states such as the Netherlands or France have almost no external dependency, the dependency is very high for countries such as Austria, Latvia and Finland. Especially former Soviet-countries face difficulties, which are further complicated by the fact that energy relations are characterised by long-term contracts and thus long-term dependency.⁶³

TTIP could play an important role in reducing this dependency. By liberalizing the possibility of American gas exports via a FTA such as TTIP, the EU can benefit from an additional source of gas and diversify its supplier base. This is possible through the innovative concept of liquefied natural gas (LNG), which allows the transportation of natural gas via container ships. In the context of high natural gas reserves of the US (9.3 trillion cubic meters) and its shale gas revolution, the partnership in terms of energy can be a game-changer, at least to some extent.⁶⁴ By building a legal framework and thus legal certainty for investors to invest in the necessary infrastructure, TTIP is well in line with the EU's primary energy security goals, which aim on diversifying the supply base of energy and build up the necessary infrastructure. Not surprisingly, the Oxford Institute for Energy Studies states in its recent report that "the main additional source of non-Russian gas for Europe up to 2030 will be LNG; pipeline gas imports from domestic and other imported sources are not envisaged to increase substantially and may decline."⁶⁵

A look into the TTIP chapter on energy reveals that the EU directly wants to address this issue with TTIP, aiming for new rules on trade and investment to catch up with the interdependence of the present times. It also expressively states that one of the main goals is to "diversify [its] access to raw materials and energy suppliers."⁶⁶ In order to more closely assess whether the EU motivations concerning the energy chapter within TTIP are characterized by realist attributes, we will apply the aforementioned three facets of realism theory.

⁶³ I. Dreyer, G. Stang, *op.cit.*, pp. 54f.

⁶⁴ Interview with Head of Unit at DG Trade (2), *loc.cit.*

⁶⁵ The Oxford Institute for Energy Studies (ed.), *op.cit.*, p. 1.

⁶⁶ European Commission, *Factsheet on Energy and raw material in TTIP*, Brussels, 2015, p. 1, retrieved on 16 April 2015, http://trade.ec.europa.eu/doclib/docs/2015/january/tradoc_153015.2%20Energy%20and%20raw%20materials.pdf.

In terms of groupism, the EU seeks for US solidarity to improve its own conditions: the US shale gas revolution makes it a rather independent energy actor, whereas the EU is (still) characterized by restricted exploitations of shale gas. By expressing that the “efficient distribution has also become more pressing, in particular for EU and US companies as production processes rely on a wider variety of critical inputs, some of which can be found only in a limited number of locations”,⁶⁷ the EU emphasises the joint situation and calls for a solidary approach.

Concerning egoism, energy is at the forefront of self-centred motivations of the EU within TTIP. This is due to several reasons: first, the EU is aware of its shrinking share of the global population and world GDP, making it more vulnerable in the global balance of powers. China will also increasingly require external energy and draw supplies, with the US seeming to be the most reliable among the top five countries with gas reserves. Second, the complicated relationship with Russia and its reluctance to recognise international standards, despite its WTO entry in 2012, led the EU to argue for multilateral rules which go beyond the WTO rulebook and specifically include less restrictive export barriers.⁶⁸ As a consequence, the EU specifically targets the option to get access to LNG imports, which we saw as being considered the most important additional gas source apart from Russian gas. This high interest shows clear egoism, all the more because it is controversial with the simultaneous promotion of sustainability, when shale gas exploitation is not considered as an environmentally-friendly action by many member states.⁶⁹

With regards to power-centrism, the EU is currently still exposed to actors that lie outside of its borders. This will unlikely vanish in the face of rising dependency on particularly gas, from 67% nowadays to levels of 80% in the next twenty years.⁷⁰ Yet the crises were a “wake-up call leading to unseen activism on the EU side.”⁷¹ In addition, the EU has recognised that energy demand on a global scale is expected to double between 2008 and 2035, putting additional pressure on secure supplies and increasing the power leverage of energy suppliers. In the light of these developments, the EU is very engaged and goes actually beyond a pure possible supply of LNG by the US: By taking TTIP as a template, it

⁶⁷ European Commission, *Raw Materials – Initial EU position paper*, Brussels, 2013, retrieved on 16 April 2015, http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151624.pdf, p. 1.

⁶⁸ European Commission, *Raw Materials*, *loc.cit.*

⁶⁹ European Commission, *Factsheet on Energy*, *loc.cit.*

⁷⁰ I. Dreyer, G. Stang, *op.cit.*, p. 53.

⁷¹ Interview with a Head of Unit at DG Trade (2), *loc.cit.*

ultimately aims to achieve the goal of “filling the gaps of global energy rules in order to secure long-term openness and transparency of energy.”⁷²

It should also be noted that the EU is undertaking ambitious efforts such as the single market on energy, a joint declaration on energy with China in 2012, or the strategic partnership with Iraq in 2011.⁷³ These initiatives aim at shifting and diversifying the power-centrism that Russia still enjoys. Yet these developments are not appreciated by Moscow – in fact, Gazprom suffered from a 12 bcm decline in gas imports. While some authors see the potential of the Atlantic Basin as a step in “shifting the center of gravity for global energy supply,”⁷⁴ Russia has made a dramatic turn towards China to sustain its energy exports.⁷⁵

Before moving on, it must be noted that the potential of energy and its security was only dealt with as a secondary question, because our primary objective is to identify elements of rationalism theory in TTIP, thus we looked at energy from a meta-approach. As a limitation to this section, it should also be pointed out that the approach here was simplified, as TTIP will affect a number of variables which in turn might affect to some smaller or larger extent the case of energy and energy supplies. Yet our hypothesis of realist behaviour in the case of energy within TTIP can be confirmed to a large extent so far.

Interim Conclusion of the Realist and Geopolitical Motivations behind TTIP

The conclusions drawn from the realist and geopolitical chapter are manifold and provide an answer to our posed hypothesis in this area:

H2: The EU negotiates TTIP in order to secure its interests in an increasingly challenging and unbalanced system of powers, both geopolitically as well as economically.

The first section revealed the crucial role of economic power in the 21st century: As the citation of Malmström shows, the EU and its member states are increasingly challenged by emergent economies and consequently look for a tighter alliance with its closest partner, the US. We have seen that the heartland theory of Mackinder, a classic in realist theory, is still to some extent applicable to the globalised world of the 21st century. Building on work of Rosecrance and Mahbubani, we interpret this theory in the way that economics and the

⁷² Interview with Head of Unit at DG Trade (2), *loc.cit.*

⁷³ I. Dreyer, G. Stang, *op.cit.*, p. 57; Council of the European Union, *Conclusions on 2030 Climate and Energy Policy Framework*, Brussels, 2014, p. 6.

⁷⁴ D. Hamilton, I. Simón, *loc.cit.*

⁷⁵ A. Gabuev, *A “soft alliance”? Russia-China relations after the Ukraine crisis*, European Council on Foreign Relations Policy Brief, London, 2015.

accompanied governance and rule-making are at the heart of today's power. Rosecrance sees that as a logical consequence of the emancipation from the land, and Mahbubani foresees a global governance system based on economics. In addition, we find evidence for all three characteristics of realist theory (groupism, egoism and power-centrism) within TTIP. While they are perceived to be even stronger represented in the US motivations, the EU also follows a rational approach in order to "continue having a say in the 21st century."⁷⁶

This becomes specifically clear in the following section, when we assess the energy chapter within TTIP. The high import-dependency, along with the shale gas revolution of the US, renders it the most important chapter in geopolitical terms within TTIP. The EU seems even to be ready to neglect its promotion of sustainability in trade agreements in exchange for energy security, at least to some extent. It recognises the hunger of emerging countries - especially China - for energy supplies, and we have determined a certain turn of China towards Russia. This implies fiercer global competition in the field of energy. TTIP shall create a template for future energy deals, and the EU seeks to achieve the goal of "filling the gaps of global energy rules in order to secure long-term openness and transparency of energy."⁷⁷

The hypothesis can thus be confirmed, as the US-EU leadership is more and more confronted with counter-activities, especially by China and other emerging nations. It is important to note that geopolitics is interpreted as economic power, thus the two terms of geopolitics and geo-economics increasingly merge.

4 Liberal and Constructivist Motivations of the EU

While the previous section understood power as a way to influence others and pursue own, egoistic goals, this section takes a different stance towards power. Kant, as one of the main liberalist scholars, argued for international commerce to be the most reliable source of power for a state.⁷⁸ Yet it should take place in a multilateral setting, since it would otherwise be accompanied by suspicion towards non-liberal countries. We will consequently apply these observations to the case of TTIP, focusing on the three key determinants we have identified previously: i) the assumption that stable democracies and economically interdependent actors launch and escalate conflicts less frequently; ii) that

⁷⁶ Interview with Christian Egenhofer, *loc.cit.*

⁷⁷ Interview with Head of Unit at DG Trade (2), *loc.cit.*

⁷⁸ I. Kant, 'The metaphysics of morals', in: H. Reiss (ed.), *Kant's Political Writings*, Cambridge, Cambridge University Press, 1991, p. 168.

they are more likely to practice and participate in international trade and investment (resulting in peace due to their interdependence); and that iii) they are also more eager to engage with international institutions. To have a close connection to the case of TTIP, we will especially look at the chapter of trade and sustainable development in the third pillar of the negotiations, as several interviewees mentioned the intention and importance of bringing this matter on the international agenda.

In addition, the Lisbon Treaty provided the EU with an enlarged and exclusive commercial policy competence, and the co-legislator role of the EP paved the way to highlight the importance of aspects such as climate, human rights and consumer protection. While Krugman, a recent Nobel prize winner in economics, acknowledges the increased difficulties in the international trading system due to the lack of hegemonic stability, he points out that regionalism provides a good instrument in ultimately reaching multilateral agreements and is essential for global challenges such as climate change.⁷⁹ TTIP can thus be seen as a way for the EU and the US to reignite multilateral trade rounds and liberalist values with an expanded scope by having a comprehensive regional agreement.⁸⁰

We can also observe this bilateral activism with regards to the second condition of liberalist actors being more likely to practice and participate in international trade and investment (resulting in peace due to their interdependence). Since the blockage of the Doha Round and thus the multilateral approach, the EU has been actively engaged in concluding regional and bilateral FTAs.⁸¹ In an economic interpretation of peace among the two partners, TTIP is seen as a means of peacefully resolving trade disputes which have occurred at an increasing rate between the EU and the US.⁸² Negotiators are often confronted with the question of why TTIP is needed when we already have a close economic relationship and interdependence, yet it is important to keep in mind that TTIP provides an institutional framework for our transatlantic relationship which will increase security and our common liberal approach in the world.⁸³ However, the majority of

⁷⁹ in: T. Straubhaar, 'The Transatlantic Trade and Investment Partnership: From Global to Regional Multilateralism', in: Transatlantic Academy (ed.), *Liberal Order in a Post-Western World*, Washington, 2014, p. 30.

⁸⁰ T. Straubhaar, *loc.cit.*

⁸¹ Interview with the advisor for the domain of international trade of a MEP (EPP Group), telephone interview, 31 April 2015.

⁸² Scholl Chair in International Business at CSIS (ed.), *Investor-State Dispute Settlement: A Reality Check*, Washington, 2014, p. 1.

⁸³ Interview with an Executive Member of the EUISS, *loc.cit.*

interviewees, especially from the NGOs, think tanks, and academic field, are sceptical of the prospects of the trade and sustainable development chapter, calling it a “decorative chapter (...) giving a sort of green brush to the agreement.”⁸⁴

In our final dimension, the higher motivation to engage with international institutions, we will take a wider approach and not only assess the EU’s motivation to achieve a strengthening of global institutions via TTIP, but also analyse other actors’ reactions to TTIP. This will enable us to draw a final conclusion if liberalism on a wider scale is positively affected by TTIP or rather threatened by it. An ambition of the EU to take TTIP as a crucial step in reigniting a multilateral approach and strengthening the WTO is pretty straightforward. As one EU official put it: “The EU DNA is to always privilege a strengthening of the multilateral system where possible.”⁸⁵ This has become particularly important since 2006, when former Trade Commissioner Mandelson announced a ‘Global Europe’ strategy, highlighting that “our core argument is that rejection of protectionism at home must be accompanied by activism in creating open markets and fair conditions for trade abroad.”⁸⁶ In the case of sustainable development, the EU has equal ambitions, realising that “the rules governing international trade in low carbon technology remain strikingly underdeveloped.”⁸⁷ An interviewee noted that although there are differences in treating sustainable development, the EU and the US have much more in common than with developing countries – a bilateral approach at first seems thus promising.⁸⁸

Yet it is important to analyse if this bilateral approach is promising in the way of others’ reactions - as the term ‘multilateral’ implies, it can ultimately only be achieved by a multilateral understanding. The interviewed EU officials took a very positive stance and outlined that there is no such thing as excluding China or building blocks, citing that “we simultaneously engage with China by negotiating an investment agreement.”⁸⁹ However, the respondent NGO- and think tank experts, as well as Chinese elites, argue slightly differently: first, we need to acknowledge that “Chinese elites argue that the post-Cold War global order was shaped at a time when China was weak and absent from the global

⁸⁴ Interview with Elvire Fabry, *loc.cit.*

⁸⁵ Interview with a Head of Unit at DG Trade (3), specialized on EU-US relations, Bruges, 14 April 2015.

⁸⁶ European Commission, *Global Europe – Competing in the World*, 2006, retrieved on 08 April 2015, http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf, p. 6.

⁸⁷ R. Youngs, *op.cit.*, p. 116.

⁸⁸ Interview with Head of Unit at DG Trade (1), *loc.cit.*

⁸⁹ Interview with an official at DG Trade, specialized on agriculture, telephone interview, 26 March 2015:

stage.”⁹⁰ Xuetong, a famous scholar of China’s foreign relations, argues that China has a desire to renegotiate the Potsdam and Yale agreements with the US, but the latter is unwilling. Mearsheimer, as an offensive realist, goes as far as calling China “the most realist power in the world.”⁹¹ And yet we need to recognise that China, due to today’s GVCs, has “no interest in turning the liberalist rule-based system upside down.”⁹² While the case of China and its role is much more complex than what we can examine in this paper, the historical context needs to be mentioned: The ‘Confucian pacifism’ has played a dominant role in China’s political history, and the belief in good governance stemming from a prudent leadership from above has its effect throughout today, as Ma argues. China recognises and plays its hegemonic role, however, in a benign and peaceful manner. Ma calls this ‘peaceful internationalism’.⁹³ Finally, we need to realise that China, as well as Brazil and India, have benefitted from the rules, practices and institutions that form our existing international order and thus joined the international institutions which created these rules. Their economic success ties them to the liberal order – thus China’s contestation is not about the system as a whole, but rather its role within that system.

TTIP is thus not seen essential in its sense that it strengthens international institutions, but rather in the desire to maintain a dominating role of the Western powers. Chinese leaders call for transparency of the TTIP negotiations to determine the extent to which this is true. It is also unlikely that China will commit itself to stronger rules in sustainable development.⁹⁴ Even the WTO itself admits that “the issue of climate change, per se, is not part of the WTO’s on-going work programme and there are no WTO rules specific to climate change.”⁹⁵ Yet the TTIP has at most a signalling function, with the hope of EU officials of “presenting joint initiatives, proposals and approaches in international bodies or fora”⁹⁶, and thus enhancing the scope and role of international institutions such as the WTO.

⁹⁰ D. Cardoso et al. (eds.), *The Transatlantic Collosus*, Berlin, Berlin Forum on Global Politics, 2013, p. 57.

⁹¹ *Ibid.*

⁹² Interview with an Executive Member of the EUISS, *loc.cit.*

⁹³ B. Ma, *China's Search For "Peaceful Internationalism Vis-À-Vis A Liberal World Order: Interests, National Identity And Foreign Policy"*, Dissertation Paper 365, New York, 2014, pp. 39ff.

⁹⁴ Interview with an Executive of the European Environmental Bureau Brussels, Interview, Bruges, 19 March 2015.

⁹⁵ WTO, *The multilateral trading system and climate change: introduction*, 2015, retrieved on 27 April 2015, wto.org/english/tratop_e/envir_e/climate_intro_e.htm.

⁹⁶ European Commission, *Initial Provisions for Chapter: Regulatory Cooperation*, Brussels, 2015, p. 10.

TTIP and the Transatlantic Community

In this last subsection, TTIP will be examined under an ideational, and thus constructivist, viewpoint. Our identified characteristics, namely i) material and ideational structures which are often expressed by shared norms and rules, as well as ii) identity and the 'logic of appropriateness'; and iii) a mutually reinforcing structure and agents, will be applied to the case of TTIP. This will reveal if the EU's motivations are also stemming from socially constructed interests.

With regards to material and ideational structures which are often expressed by shared norms and rules, we first assert that the EU uses its trade policy as an instrument to encourage its values, including sustainable development and working conditions. This was recently reaffirmed by Commissioner Malmström in the context of TTIP and the EU's future trade strategy.⁹⁷ These values and structures are traditionally particularly strong across the Atlantic: not only did the two transatlantic partners form numerous institutions to stabilise the global economy (e.g. Bretton Woods institutions like the International Monetary Fund and the World Bank), they also achieved a transition from colonialism to market economies and a functioning global trade system. Yet their creation dates back to the last century, and does not include major challenges of today's era, such as the examined energy security challenge or the increased importance of capital flows.⁹⁸ TTIP is thus a promising instrument in capturing these aspects and can incorporate labour, environmental and consumer protections which both partners recently included in their trade agreements. The EU and the US share the most sophisticated regulatory systems worldwide – a common framework could thus not only ensure these values vis-a-vis each other, but promote it on a global scale. Hamilton concludes that "it [TTIP] can be assertive, yet need not be aggressive [and] challenges fashionable notions about a 'weakened West'."⁹⁹ TTIP would be a strong foundation against this apathy, and assure the EU that it's America's 'partner of choice' by effectively creating a Euro-American market and extend the currently only military institutionalised alliance.¹⁰⁰

These shared experiences build the background for the joint identity and the 'logic of appropriateness'. Both partners have been consistently working together since the very

⁹⁷ C. Malmström, *Speech on the Commission's Future Trade Strategy*, 2015, p. 2, retrieved on 27 April 2015, http://trade.ec.europa.eu/doclib/docs/2015/march/tradoc_153265.pdf.

⁹⁸ G. Workman, J. Smith, *loc.cit.*

⁹⁹ D. Hamilton, *op.cit.*, p. xiii.

¹⁰⁰ H. Binnendijk, *A Transatlantic Pivot to Asia: Towards New Trilateral Partnerships*, Center for Transatlantic Relations, Washington, 2014, p. xvi

start of the European Communities, as the US pushed for European integration to ensure peace and stability against the Soviet threat. As Hormats notes: “no two groups of nations have closer ongoing collaboration on security, intelligence and political matters than the NATO partners of Europe and North America.”¹⁰¹ Yet this cooperation can and should not be taken for granted – consequently, “the like-mindedness needs to be codified with TTIP”¹⁰², as one interviewee notes. Already in 2003, and with simultaneously its last official European Security Strategy, the European Council declared “the transatlantic relationship [to be] irreplaceable.”¹⁰³ The logic of appropriateness in TTIP is consequently not only based on an economic rationale, but this economic restoration actually nourishes a political renovation which helps the two partners to build an anchor of liberal values. This is, in turn, crucial in the light of the geopolitical power shift we have located above.¹⁰⁴ We observe an interweavement of the analysed three theories within TTIP, a phenomena we will more closely look at in the conclusion.

Concerning the last characteristic, a mutually reinforcing structure and agents which render change unlikely, we take a bold approach in arguing that this structure exists to a certain extent but needs revitalization and a new push to function properly in the future. This argument is primarily based on the conducted interviews: The group of EU officials emphasised that TTIP would bring an overall legal framework and institutionalised setting for having regular exchanges and talks. Especially the ‘living agreement’ character of TTIP will ensure close cooperation in many areas in the future. However, the EU officials acknowledge that there are differences in the transatlantic approaches which manifest themselves more and more. As one interviewee noted, already the basic motto engraved on the US seal, ‘E pluribus unum’ (out of many, one), is effectively exactly the opposite of the EU motto, which says ‘United in diversity’.¹⁰⁵ It should also be noted that the US and EU population have a different view on already existing transatlantic organisations, such as NATO. Asked if out-of-area missions are appropriate for NATO, the majority of Europeans disagree (52%), whereas a plurality of US citizens agree (49%).¹⁰⁶ Yet, fundamentally, they share the same views, e.g. on an US-EU leadership in the world as opposed to a Chinese

¹⁰¹ R. Hormats, ‘The Geopolitical Implications of TTIP’, in: D. Hamilton, *op.cit.*, p. 19.

¹⁰² Interview with Head of Unit at DG Trade (1), *loc.cit.*

¹⁰³ Council of the European Union, *A Secure Europe in a Better World*, Brussels, 2003, p. 13.

¹⁰⁴ G. Riotta, *Is TTIP Really a Strategic Issue?*, 2014, retrieved on 27 April 2015,

<http://carnegieeurope.eu/strategieurope/?fa=56869>.

¹⁰⁵ 52. Declaration in the TEU; Interview with Head of Unit at DG Trade (3), *loc.cit.*

¹⁰⁶ The German Marshall Fund of the United States, *Transatlantic Trends 2014*, Washington, 2014, p. 46.

one.¹⁰⁷ This anchor shall then include much more than just a security aspect, evident in the statement after the eighth round of negotiations: “As you know, we consider it is important to cover under TTIP issues which are not only important for our bilateral trade relationship. (...) For example, we had very good discussions on sustainable development / labour and the environment which for us in one of the most critical aspects of what we intend to negotiate.”¹⁰⁸ By having greater confidence and economic power, a mutually reinforcing structure will consequently promote Western values as kind of a magnetic pull and enhance the normative appeal for the wider world.¹⁰⁹

Interim Conclusion of the Liberal and Constructivist Motivations in TTIP

From a liberal perspective, we have seen that especially the commercial liberalism, developed by Kant, applies to the case of TTIP. The sustainable development chapter was mentioned several times by the interviewees, with the EU’s intention to ultimately reach a multilateral level. By looking at historical precedents such as the Kennedy Round, and acknowledging the EP’s co-decision power in commercial policy gained with the Lisbon Treaty, we take an optimistic stance that this motivation might turn into reality in the medium-term. The regionalism pursued by TTIP seems thus a promising way to reach multilateralism and promote liberal orientations.

However, despite creating an institutional framework for the transatlantic relationship, interviewees across the three groups are rather sceptical about the potential of the sustainable development chapter turning into a true milestone.

Taking a wider approach and examining whether TTIP will lead to a higher engagement in international organizations, we can assert that this is most likely the case for the two transatlantic partners. Especially the EU has a high motivation to see this happen; one interviewee mentioned that this is at the core of the EU’s DNA. Yet other partners in the multilateral system see TTIP more sceptically. Elaborating on China’s ‘peaceful internationalism’ and its rise which was possible due to the liberalist system, we discover a support for the international system and thus liberalism in general. Yet we also revealed a dissatisfaction of China with its role within this system. This is also true for other partners, with Brazil, South Africa, India and China (often referred to as the BASIC countries)

¹⁰⁷ *Ibid*, p. 3.

¹⁰⁸ European Commission, *TTIP Round 8, op.cit.*, p. 3.

¹⁰⁹ D. Hamilton, *op.cit.*, p. xi.

having engaged in a clear geopolitical alliance. These insights lead us back to our posed hypothesis:

H3: The EU negotiates TTIP in order to strengthen economic interdependence and international institutions (understood here more widely as a global governance system) and thus ultimately also to reach a more peaceful world order.

We conclude that the partners within TTIP, the EU and the US, are likely to follow this logic and want to ultimately strengthen the global governance system on a multilateral level. While China and other partners in this system acknowledge the system *per se*, they keep a rationalist behaviour insofar as they struggle for a better representation within that system. We should consequently speak of other powers rather than partners, as TTIP possibly increases the power divide within international organizations such as the WTO.

As a contribution to theory, we unravelled a rationalist thinking within the liberal order. This is in line with Keohane's attempt to synthesize realism and liberalism: the international cooperation and its constructed institutions are alive and likely to be strengthened. However, they exist due to the self-interest of nations and regions based on their functional utility.¹¹⁰ This hybrid product is known as 'neoliberal institutionalism' today, and we found evidence that it is strongly linked to the case of TTIP.

The second and final part of our analysis looked at TTIP from an ideational perspective. The goal was to reply to our constructed hypothesis in this field:

H4: The EU negotiates TTIP in order to strengthen the process of socialization of transatlantic values and to institutionalise its interactions with the US for a strong Western identity.

We observed that the EU and the US have indeed created structures which express transatlantic norms and values. Yet the IMF or World Bank are not sufficient in providing answers to 21st century challenges such as the energy security challenge or sustainable development.

While a mutually reinforcing structure between the two partners across the Atlantic exists, and theory suggest that this renders change unlikely, we took a bold move: first, we recognised that different views and attitudes exist, especially in the last decade with the War on Terror. In a second step, we concluded that due to these differences, and in order to fulfil the expressed call for collaboration and Western unity, TTIP is needed as a glue. As the group of EU officials emphasised, it would bring an institutional framework for economic

¹¹⁰ M. Griffiths, T. O'Callaghan, S. Roach (ed.), *International Relations – The Key Concepts*, Abingdon, Routledge, 3rd edition, p. 109.

matters which is much needed, and ensures with the 'living agreement' clause a permanent coordination between the US and the EU.

Consequentially, a logic of appropriateness can be asserted following the last official European Security Strategy. Already back in 2003, it declared "the transatlantic relationship [to be] irreplaceable."¹¹¹ The economic renewal which TTIP would bring would have wider implications: it would signal a political renovation of the Western powers, unite them to achieve their goals in a rationalist thinking, and ultimately strengthen their struggle to maintain and extend the liberal world order, albeit at their pace and leadership.

As a contribution to theory, we thus see an interlocking of our three observed theories. TTIP involves all three of them, and not only do they overlap, they also reinforce each other. As such, they are used by decision-makers to emphasise their point: We have seen that the questioned group of EU officials predominantly supported the liberalist intention of TTIP, yet their argumentation is based on rationalist and constructivist substantiation.

5 Conclusion

Titled as going beyond economics, this paper analysed the EU's strategic motivations to negotiate TTIP. The introduction underlined a multiplicity of motivations which were expressed by current EU Trade Commissioner Malmström.

We subsequently looked through a realism prism first. From a rationalist perspective, an ongoing relevance of Mackinder's heartland theory can be noted. However, we perceive it in the way that it emancipated from its original sense of land towards economics and the accompanied governance system, which are nowadays the decisive factor in the globalised world. Our argumentation is hereby supported by Rosecrance and Mahbubani, who published extensively on economic power, rather than military, being the crucial power in the new century. We then illustrated the importance of the global governance system and realist thinking behind TTIP in the case of its energy chapter. The expressed desire to create global energy rules and an accompanying template with TTIP, as well as the fierce competition over energy supplies on which the EU is highly dependent, makes it the most relevant chapter in geopolitical terms according to 13 out of 20 interviewees.

¹¹¹ Council of the European Union, *A Secure Europe, op.cit.*, p. 13.

Finally, we studied the EU's motivations behind TTIP in liberal and constructivist terms. In the liberalism part, we concluded that the regionalism pursued in TTIP is a promising approach when looking at historical precedents such as the Kennedy Round. Yet a case analysis of the sustainable development chapter within TTIP reveals a less encouraging picture, since interests of the EU and the US diverge and no sanction mechanism exists. One interviewee thus referred to the sustainable development chapter within TTIP as a 'decorative chapter'. And while we can assert clear intentions of the EU to ultimately reach a multilateral level with its efforts in TTIP, other powers such as China take a critical stance towards a continued dominating role of the West in global rule-making and call for at least more transparency of the negotiations. The next part examined TTIP from an ideational perspective. While the two transatlantic partners established a number of international institutions (World Bank, IMF) in the last century, their cooperation faced difficult times in the last decade. We conclude that due to these differences, and in order to fulfil the expressed call for collaboration and Western unity, TTIP is needed as a glue. Last but not least, we attest a logic of appropriateness to TTIP, as it is well aligned to the irreplaceability of the transatlantic relationship which was already expressed in 2003 by the EU in its last official European Security Strategy.

In order to finally conclude on our analysis, we recall our posed research question from the introduction: Beyond the economic rationale, why does the EU negotiate TTIP with the US and what is the strategic relevance of TTIP?

Having outlined our central findings, we assert that there is a strong strategic rationale behind TTIP, exceeding a pure economic observation. The motivations of the EU manifest themselves can only be understood by taking different stances. This paper has found strong evidence in TTIP by following realism, liberalism and constructivism. We ensured a common thread throughout the paper by constructing hypotheses and applying these to the case of TTIP and specific chapters thereof. Following this approach also led us to realise that each theory plays a role in explaining the complex negotiations around this trade agreement. These observations remind us of the famous parable of Puchala, in which several blind men touched different parts of an elephant and thus arrived at different conclusions, yet none of them being accurate in its total result.¹¹² The strategic rationale

¹¹² D. Puchala, 'Of Blind Men, Elephants and International Integration', *Journal of Common Market Studies*, vol. 10, no. 3, 1971, p. 267.

behind TTIP, all the more against the background of the identified interpolar world, can only be understood in taking these different explanations into account.

The EU pursues with TTIP a more active role in achieving its strategic trade objectives, which can be seen in securing its strong position in world trade and global governance as well as ensuring important resources such as energy, promoting the multilateral level, strengthening transatlantic values, and fuelling growth and employment. We can consequently confirm our overall hypothesis which we set up in the introduction and we learned that the underlying theories are not only interlinked, but also reinforce each other. Yet we should use the term 'interpolar' rather than 'multi-polar', as it expresses the interdependence of great powers more adequately. The geopolitical component seems particularly important, as we have seen that the questioned group of EU officials predominantly supported the liberalist intention of TTIP, yet their argumentation is particularly based on rationalist as well as constructivist substantiation.

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Annexes

ANNEX I

| | Priorities within TTIP | Geopolitics in TTIP - yes/no ? If so, how is it represented? | Is TTIP relating to the concept of 'balance of power'? | Transatlantic Values | Energy and/or Sustainable Development | TTIP finally successful - yes or no? |
|--|------------------------|--|--|----------------------|---------------------------------------|---|
| GROUP 1: EU Officials European Commission: Head of Unit at DG Trade (1) Head of Unit at DG Trade (2) Head of Unit at DG Trade (3) Official at DG Trade (1) Official at DG Trade (2) European Parliament: Advisor for international trade for a MEP (EPP Group) Advisor for international trade for a MEP (Conservatives) Member of the European Parliament (S&D Group) European Council and affiliates Official at the German Permanent Representation of the Federal Republic of Germany | | | | | | |
| GROUP 2: Experts from think tanks and NGOs Executive of the European Environmental Bureau Brussels Executive Member of the European Institute for Security Studies Jacques Pelkmans, Senior Fellow at the Centre for European Policy Studies (CEPS) Peter Chase, Vice President for Europe of the U.S. Chamber of Commerce Christian Egenhofer, Senior Fellow at the Centre for European Policy Studies (CEPS) Peter van Ham, Director of the Global Governance Research Programme at the "Clingendael" in The Hague Elvire Fabry, Senior Research Fellow at Notre Europe – Jacques Delors Institute | | | | | | The answers of the respondents are included in the complete thesis paper, which is accessible online via the College of Europe library. |
| GROUP 3: Academic researchers Sieglinde Gstöhl, Director of Studies of the International Relations Department Pierre Defraigne Executive Director of the Madariaga - College of Europe Foundation Mark Sheetz, Chairholder Fulbright-NATO Chair of Security Studies Jacques Bourgeois, Visiting professor at the College of Europe | | | | | | |

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