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Why the Transatlantic Trade and Investment Partnership is not (so) new, and why it is also not (so) bad

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ABSTRACT

De Ville and Siles-Brügge (2016) argue that the politics of the Transatlantic Trade and Investment Partnership (TTIP) negotiations are entirely new and that it will lead to 'regulatory chill'. We think these two statements are untenable from a logical and empirical standpoint. While distributive political conflict is relatively absent because of firms' integration into global value chains, civil society organizations voice value-based opposition to the prospective agreement, just like in the past. TTIP is also unlikely to undermine contracting parties' ability to regulate the market to promote fundamental social values, because regulatory convergence is generally decided upon in a piece-meal fashion, and is subject to a super-majoritarian (dis)approval threshold in the Council, the European Parliament and national parliaments. Moreover, we show why it is plausible to expect TTIP to result in an upgrading of world trade rules, a benign development on the global level.

KEYWORDS European Union; political economy; preferential trade agreements; regulatory politics; trade liberalization; trade policy

1. Introduction

Two broad statements make up the core argument advanced by De Ville and Siles-Brügge in their contribution to this Debate Section on the Transatlantic Trade and Investment Partnership (TTIP) negotiations (see also De Ville 2016; De Ville and Siles-Brügge 2016; Siles-Brügge 2014; Young 2016). The first broad statement posits that the politics of TTIP are entirely new, as compared to traditional trade agreements, owing to the regulatory scope of its provisions, allegedly leading to the central role played by civil society organizations (CSOs) that bring to bear their value-based opposition to the prospective agreement. The second broad statement is normative in character and posits that TTIP is likely to bring about regulatory chill, i.e., has the potential to intrude into domestic politics and undermine contracting

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parties' ability to regulate the market to promote fundamental social values in the pursuit of the general interest (De Ville and Siles-Brügge 2016). This expectation of undesirable outcomes goes hand-in-hand with the allegation that decision-making for the negotiations is undemocratic and secretive. Next to concerns about the domestic implications of the TTIP, De Ville and Siles-Brügge (2016) have also raised doubts about the potential negative international implications of the TTIP.

In the following, we take the view that these two statements are not tenable, both from a logical and an empirical standpoint. In our view, the TTIP is neither particularly unusual, nor is it particularly problematic normatively.

2. Why the TTIP is not (so) new

Siles-Brügge and De Ville (2016) take the view that mainstream political economy accounts of trade policy do a poor job of accounting for observed patterns of political mobilization on the TTIP negotiations within the European Union (EU). They base this argument on the twofold observation that TTIP negotiations engendered little distributive conflict among traditional economic trade-related interests, and that the major source of political mobilization came from value-based opposition to regulatory trade liberalization, particularly from CSOs. Other scholars in the field have advanced strikingly similar arguments (Young 2016: 2).

The politics of TTIP would thus present a puzzle calling for a contrasting constructivist perspective on the increasing importance of the politics of legitimation and the subtle promotion of the (socially constructed) interests of those who merely see regulation as inefficient 'red tape'.

In our view, such arguments about the puzzling nature of the politics of TTIP are largely overstated because (1) traditional trade politics remains an important component of the politics of the TTIP negotiations, (2) the wide business support for the TTIP can be quite easily traced back to the increased importance of global value chain trade, and (3) normative conflicts stimulated by the sustained value-based opposition of CSOs are not an exclusive feature of the TTIP but characterize contemporary trade politics at large.

2.1. Long live good old trade politics

As traditional tariff barriers to trade have decreased to the point of becoming almost negligible in the last decades, trade liberalization has increasingly become a matter of reducing behind-the-border barriers to trade, i.e., reducing negative externalities generated by different domestic regulatory practices (Mavroidis 2015; Young and Peterson 2006). TTIP is widely perceived to epitomize such a move to a different trade agenda (De Ville and Siles-Brügge 2016).

While it is certainly true the regulatory trade agenda is central to the TTIP negotiations, a closer look reveals that tariff reductions, especially peak tariff eliminations, remain important, just as in any other free trade agreement. In fact, peak tariffs remain high in transatlantic trade for a set of key sectors, especially final products like textiles, agricultural goods and automobiles (with peaks ranging from 10 to 35 per cent *ad valorem* tariffs). Firms in countries suffering most heavily during recent years, like Italy, Spain and Portugal, stand to gain from an elimination of United States (US) tariffs, creating opportunities for European up-market fashion products, and explaining these member states' firm support of TTIP. Also steel, gas, oil products and chemicals, as well as automobiles and trucks, are product categories where tariffs still constitute a very considerable reason for manufacturers not to specialize and cater to customers on the other side of the Atlantic (de Largentaye 2013; Kommerskollegium 2014).

Such traditional market access concerns are also key in services trade on both sides of the Atlantic, explaining why business and member state support for the basic idea of a TTIP has been quiet, yet very sustained. It is often neglected that the EU has a very open services market owing to the fact that the creation of the single market for services was realized on a non-discriminatory basis for non-EU companies (Dür 2011), whereas the allegedly so free-trading US does not grant the same level of access for services companies. Liberalization of trade in services thus holds the traditional potential to yield significant socioeconomic benefits for both sides. For instance, the US Jones Act currently totally forbids foreign operators from transporting maritime cargo between US ports, meaning much international trade has been diverted away from the harbours of Los Angeles and New York to Mexico and Canada. Not surprisingly, negotiators have engaged in identifying room for agreement, even though a repeal of the Jones Act is not on the table, as United States Trade Representative (USTR) negotiator Froman is constrained by the concentrated interests of local trade unions in American ports and the Great Lake region and their local senators. In the airlines sector, the US restricts the stake the foreign investors may hold in US airlines at 25 per cent of capital, whereas the EU allows for 50 per cent, an arrangement barring European airlines from arranging more efficient and fuel-saving flight routes to the US. There are also more restrictions on cabotage between US airports than in the EU, yet apparently the EU does not want to push this last issue to heavily (World Trade Online 2013).

In another services sector, dredging and deep sea drilling, only a couple of European firms hold large expertise and economies of scale, making the market for large infrastructure works in ports, deep seas and offshore wind park construction quite oligopolistic. Liberalization would create opportunities for those firms, while creating room for more players and encourage economies of scale among American firms (World Trade Online

2014) – actually, it was the closure of the American market that had unnecessarily prolonged and worsened the Deep Water Horizon oil spill of 2010.

Apart from these examples, existing studies reveal that traditional trade policy concerns remain an important component of the politics of TTIP. Analysing all available contributions by business actors to public consultations on both sides of the Atlantic in the period between January 2012 and March 2014, Dür and Lechner (2015) find that requests for tariff cuts appear quite consistently in all business sectors considered and rank as the third most important issue raised to the attention of public policy-makers. In an in-depth assessment of interest groups' preferences on the basis of more than 400 position papers and 40 interviews, Young (2016) finds that substantial concerns on tariff concessions and market access more generally have been raised on both sides of the Atlantic by farm groups, services providers, steel manufacturers, retailers and trade unions. It would therefore be wrong to view TTIP as being exclusively about regulatory convergence and entirely new: good old trade politics is alive and kicking.

2.2. The internationalization of production and business preferences

De Ville and Siles-Brügge (2016) make a case for an alternative constructivist perspective that rests on the presumed inability of mainstream political economy approaches to account for both the largely absent political opposition from business groups and the vocal opposition of CSOs.

Models of trade policy predicting rivalry between either factors of production (capital, land and labour) or economic sectors (import-competing sectors and export-oriented ones) (Hiscox 2001) are indeed ill equipped to capture the political cleavages engendered by a prospective trade agreement between two trading entities that are heavily engaged in intra-industry trade (IIT). Intra-industry trade, i.e., trade of different varieties of the same product between countries with similar factor endowments resulting from processes of agglomeration of firms that become the dominant actors in their market niche (Krugman 1981), generates less severe distributional consequences than traditional inter-industry trade and is hence generally taken to result in less political conflict. Yet, IIT can also facilitate the political mobilization of a small set of hyper-specialized producers, or even a single firm (Gilligan 1997). De Ville and Siles-Brügge nevertheless cast doubt on the explanatory power of such material interest approaches to the politics of trade to account for the absence of conflict among those firms, as well as for the politics of international regulatory co-operation, which can also be expected to be highly politically charged, given the potentially severe adjustment costs that regulatory harmonization can bring about for firms (De Bièvre *et al.* 2014).

The broad business support for TTIP, however, can be easily accounted for by considering how the rise of global value chains (GVCs) affects the politics of

trade (Baldwin 2014; Gereffi *et al.* 2005). Two sets of issues highlighted in existing literature are particularly important with respect to TTIP.

First, GVCs trade generates politics different from that generated by traditional arms-length trade, as increasing market access opportunities in foreign countries are less of a concern than maximizing efficiency gains through the effective management of the so-called trade–investment–service nexus (Baldwin 2014). Trade policy co-operation in this context can generate significant gains with relatively little negative distributive effects, explaining why TTIP aroused relatively little opposition from business across the Atlantic. Young (2016) shows in great detail how broad-based business support both in the EU and the US, largely channelled through transatlantic business alliances, has its roots precisely in the interpenetration of the transatlantic economy driven by extensive cross-investments.

Second, the profound internationalization of production also makes traditional market access issues less politically problematic. When a country is highly integrated into GVCs, many domestic firms rely on income generated by imports of intermediate products and welcome traditional exchanges of market access concessions, because they can lower the cost of imported inputs (Lanz and Miroudot 2011). Whether sourcing firms operate directly in a foreign country or simply import intermediate inputs from foreign suppliers is quite unimportant (Manger 2012). Moreover, as a result of mergers and acquisitions and vertical integration, these import-dependent firms have undergone a dramatic move to consolidation in the last decade and a half, increasing their capacity to mobilize politically (Eckhardt and Poletti 2015). Hence, interest-based political economy explanations go a long way to explaining why US and EU firms and trade associations have not been at loggerheads in distributive conflict as in past large trade negotiations, but rather unanimously favoured further trade facilitation.

2.3. Trade policy, regulatory co-operation and civil society organizations

While De Ville and Siles-Brügge (2016) thus forego an explanation of why many stakeholders as well as member state representatives have expressed and maintained support for TTIP, they more explicitly make the claim that CSOs without a direct material interest in these negotiations turn the politics of TTIP into something significantly different from other trade negotiations. While standard political economy approaches to trade policy have traditionally overlooked or downplayed the role of these groups, assuming their inability to overcome collective action problems when deciding to mobilize politically (De Bièvre 2014; Dür and De Bièvre 2007; Olson 1965), a more recent literature has analysed the conditions under which diffuse interests such as CSOs can overcome collective action problems and play a key role in the politics of trade, particularly when trade policy

negotiations touch upon issues that are perceived as publicly salient, or when few organized groups skilfully manage to raise their public saliency (Dür and Mateo 2014; Poletti and De Bièvre 2014; Poletti and Sicurelli 2016; Pollack and Shaffer 2009; Young and Peterson 2006). The broader and deeper the regulatory agenda of a trade agreement, like in TTIP, the more the political mobilization by CSOs, as well as opportunities for strategic use of social media to shape and vocalize constituency preferences (Eliasson and García-Duran 2016; Young 2016).

It is indeed not the first time that civic groups have played a central political role in important trade negotiations. These have often formed Baptist–bootlegger coalitions with producers to defend domestic regulation from external intrusion (DeSombre 2000). The failures of the Seattle and Cancùn World Trade Organization (WTO) Ministerial Conferences in 1999 and 2003 respectively, the failure of the negotiations for a Multilateral Agreement on Investments (MAI) in 1997, and opposition to the ratification of the Anti-Counterfeiting Trade Agreement (ACTA) by the EU in 2012 are just the most prominent examples of how CSOs have crucially (co-)affected trade policy outcomes already in the past. Examples of the effective joint political mobilization of CSOs and business mobilization in the context of the WTO Doha Round and bilateral trade agreements also abound in the EU trade policy literature (De Bièvre *et al.* 2016; Kelemen 2010; Poletti and Sicurelli 2012, 2016; Young 2004; Young and Peterson 2006).

We believe the central question is not so much whether CSOs' involvement in the TTIP negotiations is new or greater from a quantitative viewpoint, but rather whether it bears witness of a fundamental change in the nature of the political conflict underlying trade policy-making. The issue at stake concerns the implications of the 'deep trade agenda' in contemporary trade policy-making and the clash it generates between different views about the role of institutions in regulating trade among nations (Young and Peterson 2006). As Jones (2006) put it: '[domestic] institutions have "956" that is distinct from their impact on transaction costs ... [hence] in the real world the scope for deep institutional change across countries is constrained by the many and different values with which those institutions are held'.

We therefore take the view that there is nothing particularly new to the politics of the TTIP and the need for public legitimation of its public policy nature, as it is just another example, perhaps more prominent than others, of a broader trend in the trade politics of the last two decades. Of course, the TTIP is not just another small Preferential Trade Agreement (PTA). The TTIP, together with the recently concluded Trans-Pacific Partnership (TPP) and the currently negotiated Regional Comprehensive Economic Partnership (RCEP), has been defined a mega-regional trade agreement because of its systemic ambitions and potential to change the architecture of world trade governance (Winters 2015). We do not dispute that the TTIP may be qualitatively different with respect to its outcomes; rather, we believe that the politics

underlying the TTIP has generated the same type of political conflicts typical of any trade agreement that intrudes deeply into regulatory practices traditionally confined within the realm of domestic governance.

3. Why the TTIP is not (so) bad

So far, we have only challenged the alleged newness of the politics of TTIP. De Ville and Siles-Brügge, (2016) however, deepen their argument by arguing that TTIP will lead to the disembedding of markets, drastically limiting governments' ability to regulate such markets in the public interest, and that the presumed lack of transparency of these negotiations calls into question their democratic legitimacy. This view is coupled with the argument they have made elsewhere that TTIP represents an aggressive, offensive initiative in international economic diplomacy that aims at making the EU and the US more competitive in the world economy at the expense of other trading nations and of existing structures of multilateral governance (De Ville and Siles-Brügge 2016; De Ville and Siles-Brügge 2016).

In the following section, we argue on the contrary that (1) 'regulatory chill' is not more likely in the presence of a TTIP deal than in its absence, because (2) the decision-making procedures of representative democracy in the EU are amply transparent and democratic, and because (3) the power of the EU and the US to regulate the global economy in the public interest is likely to be enhanced rather than undermined by TTIP, since most of its regulatory arrangements are being designed to be of a public good character, largely open to enjoyment by emerging economic powers, and the agreement might plausibly reinforce multilateral trade governance.

3.1. *On regulatory co-operation and democratic transparency*

Is the TTIP likely to undermine contracting parties' ability to regulate to promote fundamental social values and the general interest? In our view, the answer is negative. As De Ville and Siles-Brügge (2016) explain, regulatory co-operation does not necessarily entail one of the two parties copying and pasting the regulatory practice of the other, but can range from the softest form of convergence – exchange of simple information on regulatory practices – over the recognition of conformity assessment procedures, to the creation of new international rules that are binding on both parties, and finally to mutual recognition. Also, not all regulatory issues are equally salient to the public or equally embody fundamental social values, as they sometimes deal with 'easy' cases, i.e., that can be looked at through the lens of economic efficiency, and sometimes with 'hard cases', i.e., regulatory practices that societies value deeply and are not ready to sacrifice on the altar of economic efficiency (Jones 2006).

The key question is rather what types of regulatory co-operation can be reasonably expected to emerge under TTIP in relation to different sets of regulatory practices. From early on, negotiators have acknowledged that there would be piece-meal instead of across the board regulatory convergence. Barring the theoretical possibility of harmonization (which could not even work within a closely knit political unit like the EU), the negotiation mandate called for co-ordination between the different relevant regulators on technical standards in different sectors on both sides of the Atlantic. The very demanding option of mutual recognition is feasible for existing automobile safety regulations in the EU and the US (Kommerskollegium 2014), while this is less so for the creation of new rules, where co-ordination would do. With regard to Information and Communication Technology (ICT), conformity assessment procedures and electrical safety are already subject to a mutual recognition agreement, yet both industry and public authorities see room for improvement of this agreement, while rules on the environment, conflict minerals and nanomaterials could be negotiated (*ibid.*).

With regard to chemicals, the differences in regulatory approach are so large that the room for agreement is situated around improved information exchange and transparency only (Kommerskollegium 2014; European Commission 2016a). In the EU, under its Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), industry has to 'prove' that its chemical substances are safe, whereas in the US it is up to the Environmental Protection Agency (EPA) to demonstrate unreasonable risk so as to take chemical substances out of the market. With regard to pharmaceuticals, existing co-operation between the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA) can be expanded to enable mutual recognition, while respecting EU member state autonomy with regard to pricing and purchasing of medicines (*ibid.*).

As for the allegedly most controversial issues – the Investor–State Dispute Settlement (ISDS) mechanism, or regulatory co-operation in areas such as consumer safety, environmental protection, social and labour standards – EU officials have repeatedly made clear that the prospective agreement will not undermine the regulatory status quo or limit the space for future tighter regulation (European Commission 2016b). For instance, the European Commission advanced a proposal for the inclusion of a sustainable development chapter in TTIP including provisions on both labour and environment. On ISDS, Trade Commissioner Malmström put forward a proposal to create an Investment Court System to adjudicate on disputes concerning investment rules, making the existing faulty system less arbitrary, less tilted towards multinational corporations, and more transparent than all existing Bilateral Investment Treaties (BITs) that individual member states had concluded in the past (Baetens 2015).

Of course, declarations from EU officials alone are not a sufficient guarantee *per se* that the agreement will not lead to regulatory chill. A realistic assessment of likely outcomes on regulatory convergence has to take into account the highly constraining institutional context within which the European Commission operates – an issue that is far more closely related to the debate on the alleged secrecy and lack of democratic legitimacy of trade policy-making procedures in the EU than many would have it.

The allegation of lack of transparency has been disingenuous by several standards. Initially, the European Commission was ritualistically accused of not wishing to publish the negotiating mandate EU member states had granted it. In fact, however, the Commission had repeatedly proposed to make the uncontroversial and general negotiating mandate available to the public, yet a qualified minority of EU member states blocked its publication (European Commission 2016c). Of course, the document did become available, not least under Swedish transparency legislation, which did not prevent detractors from still talking about a ‘leaked’, ‘secret’ document.

The allegation of a lack of democratic control was also disingenuous later on in the process. Every single member state of the EU had mandated the European Commission to conduct negotiations with the US, and a (very large) majority of the European Parliament did the same. Moreover, as has been the custom since the creation of the European Economic Community in 1958, member state representatives, especially of the large member states like the United Kingdom (UK), Germany, France and Italy, exert very close control over the European Commission’s external trade policy, as any tactical negotiation withdrawal or negotiating offensive is checked through consensus approval or rejection within the Trade Policy Committee (TPC) of the European Council of Ministers, as well as through a majority approval or rejection by the European Parliament’s committee on international trade (Woolcock 2010).

Furthermore, at every move throughout the negotiations, member state representatives as well as Members of the European Parliament (MEPs) can, and do endorse, or voice scepticism on details of the negotiations. Finally, every such consensus decision always takes place in the shadow of a super-majority vote in the full Council of Ministers to whom the TPC reports. On top of this, to the liking of small, minority lobby groups (like the London or Maltese financial sectors), and in contradiction to the delineation of trade competences set out in the Lisbon Treaty (Devuyst 2013), some member states are likely to demand and obtain that every single member state should wield a formal veto over all elements of a potential TTIP end deal, regardless of whether the topics presented for approval fall under exclusive EU competences, or are shared between the EU and its member states. This has become very likely because the Commission has agreed to apply this decision rule for the ratification of the Comprehensive Economic Trade

Agreement (CETA) agreement with Canada (Bridges Weekly 2016). In the face of these control mechanisms and the regulatory nature of parts of the negotiations, it can be no surprise that the strategy of the Commission has been to publish nearly all of its negotiation documents on an unprecedented scale, taking accusations of lack of transparency (compared to the past) to their absurd zenith.

What is more, exactly this high capacity for control over outcomes, intricately linked as it is to the European Commission strategy of making virtually all negotiation documents publicly available, also shows why concerns that TTIP will lead to socially unacceptable outcomes are illogical. In light of the decision-making rules for the adoption of the agreement and of the realistic assessment of the various means through which negotiators can proceed towards regulatory convergence, we believe that there is no reason to expect any regulatory race-to-the bottom, nor is regulatory chill more likely with a TTIP deal than without one. No sensible negotiator can expect the TTIP to be ratified by a consensus decision in the Council, an absolute majority in the EP, and the unanimous approval of national parliaments, if it were to sacrifice core social values on the altar of economic efficiency.

The abundant literature on principal–agent relations that has emerged in recent years in the field of EU trade policy (De Bièvre and Dür [2005]; for an overview of different arguments, see Dür and Elsig [2011]; on the limits to member state capacity to control, see Adriaensen [2016]) largely corroborates our statement: an agent such as the European Commission can be expected to have to anticipate principals' preferences when such principals both have intense preferences over the prospective agreement and dispose of strong *ex-ante* and *ex-post* control mechanisms over the agent.

Yet, even if one would go along with the view we have just expounded, one might still object that the EU proposal for regulatory co-operation in TTIP is an act of abdication of EU regulatory autonomy to transatlantic regulatory councils that TTIP would establish. De Ville and Siles-Brügge (2016) suggest that potential decisions of these councils would cast a regulatory chill shadow over future regulation in the public interest in the EU. However, all suggestions made by such transatlantic regulatory councils would have to follow internal ordinary legislative procedures for EU regulations, directives, or measures under implementing powers of the European Commission (European Commission 2016a, 2016b), preserving the regulatory autonomy of the EU. The living agreement character of TTIP would thus not automatically constitute a Trojan horse of US influence over EU policy as De Ville and Siles-Brügge (2016) suggest, but would create a more transparent channel than is currently the case – a channel through which both the EU and the US can achieve, or refuse, regulatory convergence in concrete cases of regulatory change.

3.2. TTIP's international implications

A second set of normative issues relates to potential concerns about international implications of the TTIP. De Ville and Siles-Brügge (2016) have posited in earlier contributions that TTIP can be described as an aggressive, 'neoliberal' initiative in international economic diplomacy, aimed at taming rising economic powers such as China, and ultimately detrimental to world trade governance.

The first point to be made here concerns the definition of the benchmark against which TTIP's alleged aggressive nature should be assessed. The reality of international trade policy-making in the twenty-first century is as follows: the multilateral WTO negotiations on both market access commitments in goods and services, on the reduction of counter-productive subsidy wars and on rules against anti-competitive practices are dead – for a variety of reasons – and many members of the global trading system engage in preferential trade agreements instead. The US has just very recently signed TPP and China has become a key hub of a growing number of PTAs in the Asian region (Kim and Manger 2016), a trend epitomized by its decision to lead the RCEP. The EU itself changed tack, and abandoned its moratorium on new bilateral, preferential trade agreement negotiations in the mid-2000s (Eliasson and García-Duran, 2016).

The most important feature of PTAs, like the TPP, is that they are discriminatory: they create new trade and investments between signatories, and they decrease trade and investments between signatories and the outside world (Baccini and Dür 2014). From the standpoint of the EU, the status quo of no negotiations with its most important trading partners would result in a gradual and certain decline in market access and investment opportunities of internationally oriented firms and sectors. The EU decision to engage in TTIP negotiations can thus hardly be characterized as aggressive, and would better be described as a defensive move to reduce and/or offset a worsening of the status quo, driven by fears of economic exclusion owing to Asian economic integration and the US pivot to Asia in TPP (Winters 2015).

Moreover, the effects of regulatory convergence under TTIP are likely to generate positive spillovers for third countries in many ways, making the TTIP a 'public good' rather than a private good (Pauwelyn 2015). Indeed, some of the benefits stemming from commitments undertaken in TTIP, e.g., transparency mechanisms or commitments for the reduction of subsidies and anti-competitive behaviour by firms, would automatically produce benefits to all participants to world markets, as they cannot be made exclusively available to the EU and the US alone. In addition, important WTO agreements foreclose the possibility to apply exceptions to the most-favoured nation clause in the context of PTAs, i.e., the agreements on Trade-related Intellectual Property Rights (TRIPS), on the application of Sanitary and Phytosanitary Measures (SPS), and on Technical Barriers to Trade (TBT) (*ibid.*).

And even if TTIP does entail discriminatory effects for outsiders, such discrimination may end up generating powerful incentives for outsiders to engage in an upgrading of their own regulatory standards, a development that we believe should be welcomed in principle, as it would mean improving existing levels of global regulation relative to the status quo. The possible responses to the discriminatory effects of mega-regional trade agreements by third parties include the creation of a rival block, the unilateral adoption of its rules and standards, joining the club, or a multilateralization of its rules via a comprehensive WTO agreement (Aggarwal and Evenett 2015). The choice third parties make largely depends on the relative political importance of exporters, the degree of concentration third parties' exports in PTA countries' markets, and the relative importance of trade in third countries' total economy (Dür 2007).

Because the EU and US markets are still by far the most important export destinations for most trading nations, it is reasonable to expect them to adapt rather than seek full confrontation. Moreover, among the three available alternatives in the 'adaptation' category, seeking to multilateralize TTIP rules would seem the most obvious for large trade entities because they could at least seek to get something in exchange, for taking on TTIP's provisions (Aggarwal and Evenett 2014: 99; Mu 2014). Xiaotong (2015) convincingly shows what TTIP is likely to entail for China, and reports key Chinese trade officials claiming 'the regional trade arrangements that we are now discussing might be multilateralized ... the pendulum of trade liberalization might swing back to multilateralism at the end of the day' (Sun 2013, quoted in Xiaotong 2015: 122). Also, evidence suggests that China and India agreed to the WTO trade facilitation agreement when they realized TPP was being concluded, as well as when the EU systematically engaged in PTA negotiations with their Asian partners (Hamilton 2014). Of course, the possibility remains that China and other emerging markets will resist adaptation to TTIP rules and will devise strategies that will lead to confrontation, for instance by pushing the RCEP even more forcefully forward. Yet, even if China were to react with a strategy of confrontation in the short term, many concur in stressing that mega-regional trade agreements may, in the long term, turn out to lay the basis for a successful upgrading of world trade rules (Aggarwal and Evenett 2014; Guoqiang and Petri 2014; Schott *et al.* 2016).

4. Conclusion

In our contribution to this Debate Section on TTIP, we have presented two arguments. Firstly, we have sought to show that neither the scope of TTIP negotiations nor the nature of public mobilization is substantially new or entirely different in nature. While TTIP covers many topics of regulatory politics, this is only a continuation of what trade politics has become since the

negotiation and the conclusion of the Uruguay Round WTO agreements. The increased scope of the international trade agenda has spurred the continued involvement of CSOs already over the last two decades. What is perhaps new is consensus support for gradual steps on regulatory convergence from almost all business actors. We have argued that this is largely owing to the integration of most of these firms into global value chains, apart from the many relationships of cross-investment across the Atlantic.

We have also argued that TTIP is not the big ploy that will with certainty cause regulatory chill or lead to a less just international trading system. As the EU is an extremely consensual political system in which interests in favour of existing rules have ample channels to defend this regulatory status quo, we have argued that exactly those decision rules make it extremely unlikely that the European Commission will present a TTIP deal for ratification to the Council, the Parliament and the member state parliaments with regulations that would lower standards in the field of the environment, the protection of human health and social standards. Finally, we highlighted why normative concerns about the international implications are largely exaggerated. Not only can the TTIP be characterized as a defensive move by the EU to minimize a worsening default condition of the status quo, but such an agreement is likely to generate positive spillovers for third parties, as well as powerful incentives for an upgrading of trade rules on the global level.

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No potential conflict of interest was reported by the authors.

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