TTIP, TPP and the Rise of Mega-Regionals: Consequences for the World Trading System

Symposium and Panel Discussion, 23-24 November 2015
Friedrich-Ebert-Stiftung Berlin

The last 25 years saw an ever-growing number of bilateral and regional free trade agreements (FTAs). Until April 2015 a total of 612 notifications of such agreements had been received by the GATT/WTO, of which 406 were in force. In parallel, the number of bilateral investment treaties (BITs) and other international investment agreements (mostly investment chapters in FTAs) rose to over 3,200 by the end of 2014. As negotiations on the Doha Development Agenda (DDA) at the World Trade Organization (WTO) drag on since 2001 without any ambitious conclusion in sight, a number of WTO members have turned to bilateral and regional trade agreements to pursue the objectives and interests they are no longer able to achieve at a multilateral level. These "new generation agreements" are mostly "deep integration agreements" covering numerous policy areas which are not dealt with by WTO agreements - and not even on the WTO negotiating agenda, where they are resisted by other WTO members, mainly from the developing world. This strategy shift is best embodied by the EU's 2006 Global Europe strategy, which spelled out the EU's desire to enter into deep FTAs with an emphasis on the removal of domestic non-tariff regulatory measures that affect trade and put the focus on market opening and stronger rules in new areas of trade of economic importance to the EU, notably intellectual property, services, investment, public procurement and competition.

The proliferation of FTAs and BITs and their implications as well as the strategy shift in trade policy towards deep integration have gone largely unnoticed until recently by the wider public. This has changed with the advent of two new "mega-regional" free trade agreements, the "Trans-Pacific Partnership" (TPP), just concluded between the US and eleven other Pacific Rim countries including Australia, Japan, Vietnam, but excluding China, and the "Trans-Atlantic Trade and Investment Partnership" (TTIP) that is currently being negotiated between the US and the EU. Both follow a deep-integration agenda with investment chapters and far-reaching behind-the-border-provisions. Apart from technical standards, these touch upon public policy issues such as labour rights, consumer protection, animal welfare or environmental protection that are not primarily trade-related, and, according to its critics, risk to unduly restrict the regulatory sovereignty and the policy space for democratically legitimized decision makers. Intellectual property rights and legal privileges afforded to foreign investors are other contested fields. As "Mega-regionals" dominated by some of the most important trading nations and covering a large part of global trade, both TPP and TTIP are also seen to pose a serious threat to the centrality of the WTO in global trade governance and the writing of global trade rules. Critics warn against the global trading regime becoming again less rules- and more power-based, when the new rules for 21st century trade would be mainly written by the world's rich nations in settings marked by vast power asymmetries. It therefore comes as no surprise that both critics and supporters of the new Mega-regionals expect huge geopolitical ramifications within the global system.

PROGRAMME (as of 16 November 2015)

Monday, 23 November 2015

Venue: Friedrich-Ebert-Stiftung, House 2, Hiroshimastraße 28, 10785 Berlin

08.30h	**Registration**

09.00h	**Opening**
	Andrä Gärber, Head of Division for Economic and Social Policy, Friedrich-Ebert-Stiftung Berlin, Germany

09.15h	**Session I: A review of bilateral & regional free trade agreements from different parts of the world: What lessons can we learn?**

Every member of the WTO (except Mongolia) is now a member of one or several FTAs. In parts of the world this has led to a "spaghetti bowl" of overlapping free trade areas with a myriad of differing trading arrangements. A new generation of "deep" FTAs dealing with regulatory issues bring along new challenges, as does the rise of global and regional production networks (GVCs). Moving from an RTA to a customs union is another challenge. What are the economic, developmental and political outcomes of FTAs in different parts of the world? What has been the impact of different types of arrangements on trade? In the context of North-South trade liberalization: How to compare non-reciprocal, preferential FTAs (e.g. AGOA, EBA) to reciprocal ones (e.g. EPAs)? What lessons can be learned by policy makers?

	Lisa Lechner, University of Salzburg, Austria
	Luz Maria de la Mora, Professor at the Division for International Studies at CIDE, Mexico
	Sanya Reid-Smith, Third World Network, Geneva, Switzerland
	Stéphane Aka-Anghui, Ministry for African Integration, Côte d'Ivoire
Moderation:	**Uta Dirksen**, Friedrich-Ebert-Stiftung Berlin, Department for Latin America & the Caribbean, Germany

10.45h	**Break**

11.00h **Session II: Mega-regionals and other new generation FTAs – a threat to national sovereignty, democracy and the rule of law?**

Both TTIP and TPP follow a deep-integration agenda with investment chapters and far-reaching behind-the-border-provisions. Apart from technical standards, these touch upon public policy issues such as labour rights, consumer protection, animal welfare or environmental protection that are not primarily trade-related. Both provide for extensive investor protection and extrajudicial arbitration.

How do we assess harmonization / mutual recognition of standards and regulatory cooperation (including trade impact assessment) in terms of the right to regulate by democratically legitimized decision makers? Does it restrict the sovereign right of parliaments to change / improve standards independently of foreign business interests? How should dispute settlement be organized? Is the suggestion of the European Commission of an investment court system (ICS) compatible with the rule of law?

Michelle Ratton, Professor at Law School of Getulio Vargas Foundation, Brazil

Joachim Schuster, MEP (S&D Group), Member of the Committee on International Trade in the European Parliament, Germany

Jane Kelsey, Professor for International Trade and Law, University of Auckland, New Zealand

Florian Moritz, Federal Board of the German Trade Union Confederation (DGB), Germany

Moderation: **Markus Schreyer**, Friedrich-Ebert-Stiftung Berlin, Division for Economic and Social Policy, Germany

12.30h **Lunch**

13.30h **Session III: Mega-regionals and other new generation FTAs: stumbling blocks or stepping stones for the multilateral trading system?**

The traditional "building-block-stumbling-block-approach" to FTAs calculates static welfare effects by comparing (positive) trade creation and (negative) trade diversion effects and usually is critical of FTAs unless preferential concessions are extended on a MFN basis at some point. Is this still an appropriate framework also for "deep" FTAs where many provisions are non-discriminatory by nature? In addition to "deep" FTAs: how do we assess the role of plurilateral agreements (ITA, GPA, EGA or TISA) in that regard? What about new concerns regarding the possible emergence of competing regulatory blocs and the fragmentation of regulatory disciplines? Are Mega-regionals (and plurilaterals) a threat to the MTS by undermining the WTO's rule-making authority? Or can the use of WTO rules on deep integration, on the contrary, strengthen the MTS? Are FTAs weakening the pressure to do global deals? Will conflicts about who sets (and who takes) global standards spill over in other policy arenas?

Pauline Weinzierl, DG Trade, European Commission, Brussels

Gabrielle Marceau, Counselor in the Legal Affairs Division of the WTO, Associate Professor, Law Faculty, University of Geneva, Switzerland

Bipul Chatterjee, Executive Director of CUTS International, India

Moderation: **Alexander Geiger**, Friedrich-Ebert-Stiftung Berlin, Department for Global Policy and Development, Germany

14.45h Break

15.00h Session IV: TTIP, TPP and the Rise of Mega-Regionals – the geo-political dimension

FTAs, regional trade agreements in particular, and even more so higher forms of economic integration are hardly ever established only or even primarily for economic reasons, but usually follow a political rationale as well. Economic integration is often seen as an instrument for peace and security, e.g. in post-conflict situations (Europe after WWII). But economic integration can also create –often competing - zones of influence, with insiders and outsiders and be part of a political and economic power struggle ("TTIP as the economic NATO"?). What are political motives and interests associated with TPP and TTIP? What is the reaction of those left out, China and other BRICs in particular? What needs to be done to leverage the potential of Mega-regionals to enhance peace and security, while at the same time minimizing their destructive potential for conflict (e.g. through the fostering of competing economic and political blocs) ?

Knut Brünjes, Federal Ministry for Economic Affairs and Energy, Germany

Pan Xiaoming, Shanghai Institutes for International Studies (SIIS), China

Edward Gresser, Policy Planning Director and Acting Assistant U.S. Trade Representative for Trade Policy and Economics, Office of the U.S. Trade Representative, USA

Heribert Dieter, German Institute for International and Security Affairs (SWP), Visiting Professor Zeppelin University, Germany

Moderation: **Axel Berger,** Deutsches Institut für Entwicklungspolitik / German Development Institute (DIE), Division for World Economy and Development Financing, Bonn, Germany

16.30h End of day 1 with snacks and refreshments

19.00h	**Registration for the public panel discussion**

19.30h	**Public panel discussion: Exclusive instead of inclusive – Do TTIP and TPP mark the end of the global trading system?**
Welcome:	**Michael Sommer,** Former Chairman of the German Confederation of Trade Unions (DGB) and Vice-Chairman of the Friedrich-Ebert-Stiftung (FES), Germany
Discussants:	**Bipul Chatterjee**, Executive Director of CUTS International, India
	Jane Kelsey, Professor of International Trade and Law at University of Auckland, New Zealand
	Gabrielle Marceau, Counselor in the Legal Affairs Division of the WTO, Associate Professor, Law Faculty, University of Geneva, Switzerland
	Felix Neugart, Chambers of Commerce and Industry, Germany
	Thorsten Schäfer-Gümbel, Vice-chairman of the Social Democrat Party (SPD), Germany
Moderation:	**Ludger Vielemeier**, Norddeutscher Rundfunk (NDR), Germany

21.30h	**Reception**

Tuesday, 24 November 2015

Venue: Landesvertretung Bremen, Hiroshimastraße 24, 10785 Berlin

09.00h	**Opening, Day II**

09.15h	**Session V: TTIP, TPP and the Rise of Mega-Regionals – Consequences for Developing Countries**

What are the implications (threats & opportunities) for developing countries outside the two Mega-regionals? Are they likely to suffer from trade diversion at their expense? To what extent standard-setting via Mega-regionals will affect them and what does it mean for them? In what way can developing countries possibly benefit from Mega-regionals? What are possible coping and / or counterstrategies explored by developing countries (e.g. participation, adaptation, creating their own 'mega-regionals')? What can developing countries, LDCs in particular, legitimately demand from EU/US etc. in connection with TPP and TTIP? What are the particular challenges faced by developing countries participating in TPP?

Eveline Herfkens, Senior Fellow at John Hopkins University and former Minister of Development Cooperation in the Netherlands

Charles Santiago, MP of the Malaysian Parliament, Malaysia

David Luke, Coordinator African Trade Policy Centre, UNECA, Addis Abeba

Gabriel Felbermayr, Economist at the ifo-Institute, Munich

Moderation: **David Owiro**, Friedrich-Ebert-Stiftung Nairobi, Kenya

10.45h	**Break**

11.15h	**Session VI: The Way Forward - How to ensure a fair and inclusive world trading system for the 21st century?**

With the 10th WTO Ministerial Conference (Nairobi, 15-18 December 2015) on the horizon and again no ambitious outcome in sight to do justice to the initial Doha mandate and honorably conclude the DDA the question has to be asked where the global trading system is heading. Are we continuing to have a unified and rule-based system of world trade governance? Or are we heading towards a world of coalitions of the willing, liberalization of different speeds and fragmentation of the world economy into competing (Mega-regional) economic blocs? Are we ready to deal with new and burning issues such as the digital economy, climate change, or the transformation to a sustainable economy more broadly, where new or better trade rules are needed? Are we still on the right track by on the one hand continuing an agenda of aggressive market opening and commercialization of everything, and the protection of special interests and monopoly rents (e.g. through IPR) on the other? How do we in future intend to manage rising contradictions between trading and investor interests on the one hand and social preferences of affected societies on the other? Are our trade rules conducive to ensure a fair participation and to promote structural transformation in *developing countries, LDCs in particular? In sum: what would be some of the ingredients of a fair and inclusive trading system for the 21st century beyond the current "business-as-usual-"scenario?*

Wrap-up of key points from sessions I-V:

Adam Hersh, Senior Economist, Roosevelt Institute, USA

Clara Brandi, Senior Researcher, German Development Institute (DIE), Germany

Comments:

Michelle Ratton, Professor at Law School of Getulio Vargas Foundation, Brazil

Heribert Dieter, German Institute for International and Security Affairs (SWP), Visiting Professor Zeppelin University, Germany

Moderation: **Hubert Schillinger**, Director of the Friedrich-Ebert-Stiftung Geneva Office, Switzerland

12.30h	**End of the symposium followed by a reception**