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Title	Issues in the Transatlantic Trade and Investment Partnership: A critical discourse analysis		
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<p><b>Abstract</b></p> <p>Negotiating trade agreements is an important part of government trade policies, economic planning and part of the globally operating trading system of today. European Union and the United States have been active in the formation of trade agreements in global comparison. Now these two economic giants are engaged in negotiations to form their own trade agreement, the so called Transnational Trade and Investment Partnership (TTIP). The purpose of this thesis is to understand the reasons for making a trade agreement between two economic areas and understanding the issues it may include in the case of the TTIP.</p> <p>The TTIP has received a great deal of attention in the media. The opinions towards the partnership have been extreme, and the debate has been heated. The study was conducted applying methods of critical discourse analysis to the chosen data. The underlying motives for raising different issues were analysed by investigating the authors' position in the political, economic and social circuits. The perceived economic impacts of the TTIP are also under analysis with the same criteria. Some of the most respected economic newspapers globally were included in the research material as well as papers or reports published by the EU and global organisations.</p> <p>The analysis indicates a clear dichotomy of the attitudes towards the TTIP. Key problems include lack of transparency in the negotiations, the misunderstood investor-state dispute settlement, the constantly expanding regulatory issues and the risk of protectionism. The theory and data suggests that the removal of tariffs is an effective tool for reaching economic gains in the TTIP and even more effective would be the reducing of non-tariff barriers, such as protectionism. Critics are worried over the rising influence of corporations over governments. The discourse analysis reveals that the supporters of the TTIP have values related to increasing welfare through economic growth. Critics do not deny the economic benefits but raise the question of inequality as a consequence. Overall they represent softer values such as sustainable development and democracy as a counter-attack to the corporate values of efficiency and the maximising of profits.</p>			
Key words	Free trade, trade theory, trade agreement, tariff barriers, non-tariff barriers, Transnational Trade and Investment partnership, USA, EU, critical discourse analysis		



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#### Tiivistelmä

Kauppasopimukset ja -neuvottelut ovat tärkeä osa hallitusten toimintaa ja nykypäivän globaalia taloutta. Euroopan Unioni sekä Yhdysvallat ovat aktiivisesti laatineet kauppasopimuksia tahoillaan ympäri maailmaa. Nyt EU ja Yhdysvallat neuvottelevat keskinäisen kauppasopimuksen solmimisesta. Tämän tutkielman tarkoitus on selittää kauppasopimusten yleistymisen syitä, sekä kuvailla niitä mahdollisia ongelmia, joita EU:n ja Yhdysvaltojen välisissä kauppaneuvotteluissa on noussut esiin.

EU:n ja Yhdysvaltojen väliset kauppaneuvottelut ovat saaneet paljon huomiota, ja herättäneet kiivasta keskustelua mediassa. Mielenpitoet ovat olleet kärkkäitä ja keskustelussa voidaan havaita vastakkainasettelua. Tässä tutkimuksessa on kerätty ja analysoitu dataa julkisista lähteistä alkuvuodesta 2013 vuoteen 2014 näihin kauppasopimusneuvotteluihin liittyen. Kriittisen diskurssianalyysin avulla on yritetty selittää, miksi mielenpitoet eriyvät ja mitkä asiat ja arvot ovat keskustelun taustalla. Tätä on selvitetty muun muassa tutkimalla kannanottajien poliittista, sosiaalista ja taloudellista asemaa. Samalla tavoin on tutkittu henkilöiden odotuksia kauppasopimuksen tuomista hyödyistä taloudelle. Data on kerätty kansainvälisesti arvostetuista sanoma- ja aikakauslehdistä, sekä niin neuvottelevien tahojen omista, kuin kansainvälisten järjestöjen julkaisuistakin.

Analyysi osoittaa mielenpitojen jakautuvan pääosin ihmisten arvomaailman perusteella. Esiin nousevat ongelmia sopimuksen yksityiskohdissa, neuvotteluissa itsessään sekä sen mahdollisissa seurauksissa talouden eri toimijoille. Neuvotteluja on epäilty käytävän osittain suljettujen ovien takana, mikä on lisännyt epäluottamusta. Sopimuksen on pelätty suosivan monikansallisia yrityksiä, joilla on varallisuutensa kautta enemmän mahdollisuuksia vaikuttaa sopimuksen syntyyn ja toisaalta kiistatilanteiden ratkaisuun tulevaisuudessa. Näin sopimuksen pelätään uhkaavan demokratiaa. Sopimuksen laatimisessa itsessään ongelmia tuottavat tiukka säännöstely joka eroaa EU:n ja USA:n välillä sekä monia aloja hallitseva protektionismi. Molemmat ovat esteenä maksimaalisten taloudellisten hyötyjen saavuttamiselle, joka voidaan saavuttaa vain riittävän kattavalla sopimuksella. Analyysi paljastaa, että taloudelliset arvot ja varallisuuden kasvu taloudellisen kasvun kautta ovat sopimuksen kannattajille tärkeimpiä arvoja. Vastustajatkään eivät näitä kumoa, mutta esittävät huolensa siitä, kuinka taloudellinen kasvu usein koskettaa vain osaa yhteiskunnasta, ja lisää näin eriarvoisuutta. Nähtäväksi jää kuinka laajamittainen kauppasopimus talousmahtien välille syntyy, ja peittoavatko taloudelliset hyödyt mahdolliset riskit.

Asiasanat	Vapaakauppa, kauppasopimus, kaupan esteet, transatlanttinen kauppa- ja investointikumppanuus, EU, Yhdysvallat, kriittinen diskurssianalyysi
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**ISSUES IN THE TRANSATLANTIC  
TRADE AND INVESTMENT PARTNERSHIP:  
A CRITICAL DISCOURSE ANALYSIS**

Master's Thesis  
in International Business

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CDA	Critical discourse analysis
CEO	Corporate Europe observatory
CEPR	Centre for Economic Policy Research in Europe
CEPS	Center for European Policy Studies
EC	European Community or Commission
EPU	European Payment Union
EU	European Union
FDI	Foreign direct investment
FT	The Financial Times
FTA	Free trade agreement
GDP	Gross domestic product
GED	Global Economic Dynamics –team (Bertelsmann Foundation)
GMF	Genetically modified foods (or GM)
GMO	Genetically modified organisms
HLGW	High level working group on jobs and growth (EU and US cooperation)
IMF	International Monetary Fund
ISDS	Investor–state dispute settlement
ICSID	International centre of settlement of investment disputes
MEP	Member of the European Parliament
MFN	Most favoured nation
NAFTA	North American Free Trade Agreement
NTB	Non-Tariff Barriers
OEEC	Organisation for European economic co-operation
PTA	Preferential trading agreement
RCC	Regulatory Cooperation Council
SPS	Sanitary and phytosanitary issues
TTIP	Trans-Atlantic Trade and Investment partnership
TPP	Trans-Pacific Partnership
US	United States of America
USTR	Office of United States Trade representative
WTO	World trade organisation



## 1 INTRODUCTION

World trade has grown substantially in the past decades. The revolutionary development of technology has enabled the transfer of knowledge, information and physical products quickly across the globe. World trade has also been reorganized in the last century with the help of this technology.

Economists have long explained the emergence of international trade with cost savings and other factors increasing economic welfare in the trading countries. Although these benefits are widely agreed to exist, the question why countries trade and what the impacts on the participants are, is far more complicated. Also, the 'text book' explanations of the benefits of (free) international trade work in theory, but the reality is often more complex. In addition to the economic benefits many political, social and even private motives play a part in the international trading system and have impacted the development of the global market to that it is today.

There are specific features in modern international trade, which characterise the global economy today. First, the size of an economy matters when the economic activities are measured. Second, the political relationships, and, furthermore, political power relations play an important role in international trade. These are often related. Third, the world economy has been shaped to its current form through a number of historical events, individual people and even coincidence. For instance, natural resources are not distributed evenly across countries. Global crises, such as wars and economic downturns, constantly shape the development of the world economy. Even the emergence of the capitalist market economy is, at least in part, a consequence of such events. Additionally, international trade, imports and exports between countries and firms and other economic activities are all pursued and arranged by governments or organisations in forms of contracts, rules and common objectives.

Globally, there are numerous different agreements, rules and conditions regarding the organization of international trade. Organisations promoting and setting rules for global trade exist globally and on national levels. In fact, there are very few countries in the world that have not engaged in international trade agreements or do not belong to a special trading area or union. Many different trade agreements such as preferential trade agreements (PTA's) or free trade agreements (FTA's) are important factors in global business today. They affect trade volumes, prices and economic development of regions or countries. Trade agreements can also play a role politically and socially. One of these agreements currently of interest is the Transatlantic Trade and Investment Partnership (TTIP) agreement between two influential traders, the US and the EU, still being negotiated. The focus in this thesis is to study these negotiations, and the public discussion around them. Moreover, how the benefits and risks of the TTIP are perceived in the public discussion.

## 1.1 Purpose of the study

Negotiating trade agreements is an important part of a government trade policy, economic planning and part of the globally operating trading system. Choosing trading partners, especially preferential trading partners where tariffs are demolished, can play a vital role in terms of growth and prosperity for an economic area. As mentioned previously, most countries in the world are involved in trade deals and numerous contracts concerning global trade. World trade is more institutional than before and there is no end in sight for this development. The World Trade Organisation (WTO) is one of the most influential institutions currently organising and monitoring global trade agreements. Additionally, local and regional systems are in place to enable the development of trade between countries and areas connected with one another.

European community as well as the US have been active in the formation of PTA's in global comparison. Horn, Mavroidis & Sapir (2010) called these two regions the 'regulators of the world' when it comes to global trade due to their great influence globally. Horn et al. (2010, 1566) identify these economic areas as global 'hubs' when trade pacts and further negotiations are considered. These world powers are at the core of making of many trade agreements and involved themselves in most of those. PTA's and FTA's are influencing many, if not all, countries in the world when it comes to international trade. Therefore, the trade partnership -negotiations and the potential benefits of it are an especially interesting point of research.

The purpose of the theoretical framework in this study is to understand the main functions and motives for trade between the two largest economic areas in the world, European Union (EU) and the United States (US). Trade between these two economic areas is already the largest in the world and, therefore, initially deserves the attention of international trade theorists and academic research. Furthermore, the EU and the US have recently initiated extensive trade negotiations which, if and when implemented, could have extensive impacts on the global trading system and the trade and economic development between these two in particular. The impacts could be globally substantial especially due to the size and political power of these two economies.

The purpose of the empiric study is to identify the issues concerning the trade agreement between the EU and the US by analysing the public discussion. The main focus in trade is often on the economic development, the increased welfare for individuals and firms. However, the complexity of political decision making and international trade agreements makes it difficult to aim for economic or welfare benefits for all, at least not equally. Regulatory issues between two countries or economic regions can cause hindrances to the negotiations, as has happened with the TTIP. It can be assumed that differing ideologies exist for the correct resolving of these issues. All these aspects are in focus in this thesis.

## 1.2 The research problem and research questions

The main objective of this study is **to analyse and understand the issues raised in the public discussion regarding a free trade agreement currently negotiated between the EU and the US, the Transatlantic Trade and Investment Partnership (TTIP).**

Naturally, there are economic and welfare related benefits associated with the potentially increased trade and a more open trading system resulting from the TTIP. For instance, trade without barriers can reduce costs and lower prices for manufacturers which can reflect to prices for consumers (see chapter 2.1.1). However, there are several issues raised in the public discussion regarding the trade agreement, which could result in negative impacts. Furthermore, there has been questioning of the economic impacts of TTIP being less than anticipated by some. While analysing these issues rising from the public discussion, this study aims to find the motives, economic or other, for the TTIP and to determine those for and against the agreement. Therefore, this thesis focuses on the problems in the trade agreement, and the expected economic significance of a successful free trade agreement. Therefore, the following research (sub) questions can be identified:

- What is being said about the EU-US trade negotiations and its economic impacts in the public discussion and by whom?
- What are the main issues in the TTIP negotiations and implementation, and,
- What is the expected economic significance of the TTIP based on the public discussion?

These questions guide this research towards a discourse analysis on the public discussion regarding the EU-US trade agreement. The focus is not only on whether if the negotiations will be successful, but rather on the different issues discussed while the negotiations are being held. These could have an impact on the final contents of the TTIP, if negotiations are successful. The final scope of the agreement, then, has an impact on the potential economic benefits to the two economies. The issues in the agreement and its perceived economic significance are analysed using trade theories to understand free trade agreements and their impacts on economic growth, jobs and investment.

The issues related to the TTIP are sought out in the public discussion and official publications of the EU and the US. These are further analysed by studying the discourse and authors participating in it to identify the values behind them. A further interesting point to consider in the analysis is the tone of which the discussion or opinions are being stated. The second sub-question is interesting when looking for possible obstacles in a trade agreement between two globally powerful economic areas. The expected economic significance of the TTIP is closely linked to the dialogue on the potential gains exceeding the problems related to the trade agreement.

### **1.3 Progress of the study and the use of definitions**

In addition to the introduction to the topic and the conclusive remarks in the end, this study consists of two parts, each containing two sections. First, in chapters 2 and 3, the theoretical framework for international trade, and more importantly the key definitions of PTA's is introduced. The focus is on the EU and the US trade and the PTA theory related to the key concepts impacting the TTIP when implemented. Furthermore, in chapter 3, the special features of the TTIP and its purpose are explained. For this, publications of the EU and the US are utilized. These differ from scientific sources, and are therefore used as informative rather than scientific references. However, these are the first hand information available on the progress of the TTIP negotiations and, therefore used here.

In chapter 4 the empirical research design and methods used in this study are explained in detail. Furthermore the logic of the discourse analysis is explained and the theoretical framework to analysing the texts and reports used as the data is described. Chapters 5 and 6 are the analysis chapters. First the data is analysed by a simple framework in order to arrange it into more understandable units based on the 'for or against' division of the opinions. The dichotomy of the opinions towards the TTIP is explained with the analysis of the authors and their positions and values (see Figure 5). Analysis of the context of the texts is a relevant part of this. Then, in chapter 6, the themes rising from the discussion are analysed in the data. Final remarks are made to connect the problems connected to the TTIP with the anticipated economic significance of its implementation.

Due to the nature of the empiric research design and the theoretical framework used to understand the data, this thesis can be defined as interdisciplinary. The data analysis is based on some key features of social scientific research and the theory reflects on international business and economics. Some aspects of political science are considered especially in the data analysis, as well as theory of media research as the method of study includes investigating the media. Moreover, these are connected throughout the text in order to better understand the overall context and potential impacts the TTIP has on the economy, politics and society.

Some of the key definitions in international trade and FTA's can be understood in a variety of ways. The theoretical framework in this thesis aims to provide understanding to the functioning of a bilateral trade agreement such as the TTIP. In the theoretical part of the thesis the key concepts are defined and where researchers are inconclusive on the definitions, the framework used in this thesis are identified for the reader. Moreover, in the methodological part of this thesis researching public discourse, the methods for analysing different texts such as articles or official reporting and economic analysis are explained. Different methods of analysis are relevant to apply to different texts.

Finally the results are presented in a more compact way in the conclusions part of the thesis (Chapter 7). Some of the results are more relevant for their theoretical implications and others for their practical functions. In the end of Chapter 7 the limitations to this study are discussed. The methods used in this study are interpretative and data gathered from a large amount of information available, therefore this is important. Furthermore, the source evaluation is done in the final chapter but the reader is advised to refer to it with unfamiliar data sources to better understand the analysis. It is noteworthy, that some of the data has been used as a primary source for information regarding the EU trade as well as part of the data for the discourse analysis to understand EU reporting and the anticipated economic impacts of the TTIP (See: Free Trade is a source of economic growth 2013; HLWG 2013).

#### **1.4 EU as a focus for international business research**

In many ways Europe and the European Union is a unique and exceptional economic, political and social area in the world. The way Europe has arranged its internal trade is remarkable in terms of the number of states involved in its internal trade and the common market policy. In fact, the EU is the worlds' largest preferential trade agreement in itself. The EU is also one of the most active operators in global agreements. (European Commission 2014a; Young 2002, 2; Ahearn 2010, 182)

According to Smith (2010, 330) the EU deserves attention among researchers on its global activities and agreements especially due to its complexity as an institution. The EU is organized in several levels and those all include numerous people implementing proposals and decisions. It also has an evolving character due to continuous enlargement and new institutions arising. Therefore, challenges exist in EU research and the complexity of it needs to be understood.

Research regarding the EU is important for understanding the future of it as an ecological, political and societal entity. To enable growth, functional institutions need to be in place and markets exist. (Eichengreen 2007, 40-41.) Since the EU is interpreted as an economic entity due to its functioning as a PTA it can be considered in economic research similarly to a nation state, such as the US in this study. However, it is important to distinguish that this is not the case entirely. Furthermore, the EU facing new challenges with the emergence of globalisation and the new trade agendas. The EU has a strong institutional system in place, strengthened by many treaties and joining of new member states. However, for instance services and financial markets are becoming more important in the global business environment. These can bring challenges to the EU trade development. The existing trade agreements and other regulations become important topics when new trade agendas are created (Young 2002, 1–2).

The EU is a complex system of 28 national states with individual governments and fiscal policies. Therefore, the research on the EU28 economic can be problematic. In this study, the EU is seen as a political and economic area and the results of the empirical analysis of the discussion on the TTIP negotiations are being interpreted from the EU point of view. The perceived economic benefits pointed out in this study are done so from the perspective of the EU as a whole, and single countries are not focused on to a larger extent. The focus is also on the decision making units, such as the European Commission which sets the overall political direction of the union which the Commission represents. European parliament, then, represents the governments of the member states, but as explained previously, is not under analysis or focus in this study. (EU 2013a.)

## 2 REASONS FOR FREE TRADE BETWEEN TWO ECONOMIC AREAS

*Trade will open up between two formerly autarkic economies if differences in production conditions warrant a profitable exchange of goods under the ruling terms of trade.*

(Horvat 1999, 7)

The quotation from the Croatian economist, Branko Horvat, illustrates the basic concept behind international trade between two countries, which is of interest in my thesis. Of course, globalisation has reached far from the first international trade efforts and the exchange of goods. Today, international trade is highly organised and multinational corporations (MNC's) are as strong and wealthy as economies have been considered exclusively to be. Furthermore international trade has been reorganised to include more institutions and regulations than ever before. Business is being conducted under trade agreements, which determine the common rules and regulations for trading partners. In order to understand the current conditions in which businesses operate and international trade agreements are formed, this chapter presents the relevant trade theories and the details impacting the TTIP between the EU and the US.

### 2.1 Neoclassical trade theory and neoliberalism

Neoliberalism is an economic school of thought promoting freedom and liberalism in trade procedures and the economy as whole (Coleman 2013; 79; Zirra 2013, 572). Neoclassical theory provides the basis for this school of thought and the basic theories to international trade of today (Zirra 2013, 573). According to neoclassical thinking trade on a global scale can lead to more efficient production. Neoliberalism adds to this, that any form of trade liberalization can mean a more efficient use of the raw materials and natural resources of the planet. These resources, with other factors of endowment a country possesses (labour, capital etc.), make the grounds for international trade theory first discussed by David Ricardo already in 1817. (Mankiw 2010, 49; Neary 2009, 218.)

The main reason for the development international trade including the implementation of trade agreements and, in optimal situation, free trade agreements are based on the economic benefits of such arrangements. Many neoliberal theories suggest that economic welfare is best increased by removing all barriers that prevent the concept of free trade and the free functioning of markets (Zirra 2013, 572–577). This was referred to as the 'invisible hand' that directs the economy by Adam Smith already in 18<sup>th</sup> century. Letting the 'invisible hand' control the market through laws of supply and demand is, however impossible in modern societies. At least some interference is

always required to the economic system by governments. For instance, providing a legal system for businesses to operate in is maintained by governments everywhere. Taxes are then imbedded for income and business profits to pay for this and many other commonly used public services, such as the infrastructure businesses also need for their activities. Most public sectors also take part in the income distribution in the society on some level. This is often based on humanitarian values and the values of equality.

The most neoliberal theorists promoting free market economy are reluctant to accept the interference of government institutions including setting of policies restricting free trade. Supply and demand alone should determine the prices on the market. Although trade theories have developed, many basic models still work as the base of the business environment today. These are discussed in this chapter from the EU and US trade perspective. However, it has been argued that the development of international trade and competition between MNC's and other corporations has been wrongly interpreted as competition between countries. The economics of state are not comparable to the multinational business functions of a firm. (Krugman 1993, 23–29.)

The important notation on the comparative advantage thinking is that it assumes the returns of scale to stay relatively the same. In other words, if production is doubled, output is doubled as well. However the new trade theory adds the effects of economies of scale (and also scope) to this assumption. Furthermore, it is noteworthy that today production is increasingly focused on privately owned (multinational) firms, instead of nations, sovereigns or even government owned enterprises. As factor endowments are still assumed to exist in world trade as well, firms can increase their profits by relocating to where resources are more abundant. Most familiar example of this in traditional manufacturing as well as, more recently, knowledge intensive industries or IT, is the relocation of production facilities to countries where labour is abundant, and therefore less costly.

Since the contributions of Ricardo, trade theorists have agreed that it is more efficient to focus on abundant resources in the production and, then, trade for goods relatively more expensive to produce in the country. Furthermore, when technologies develop to a similar level, or can be easily relocated the country can concentrate more on the production of goods for which resources are more abundant (ground work for this was presented by Heckscher & Ohlin 1933 and has been further developed by many economists). Therefore, when countries have unlimited access to goods produced in other countries at a lower cost they can concentrate on producing the goods they have a comparative advantage to produce. This also increases the economies of scale and enables the countries (or firms) to specialise further and maximise profits. (Horvat 1999, 10–15.)

To some extent the economies of scale modelling has continued the factor endowment logic. Zirra (2013, 577) concludes that globalization can be seen as the



‘peak’ of the neoliberal development of world economy. However, not all aspects of international trade can be purely explained with factor endowments (Neary 2009, 219; Krugman 1979). Several theorists (such as and Paul Krugman) in the 20<sup>th</sup> century economics have then contributed to the theory. This, referred to as the ‘new’ trade theory, is discussed in the next chapter.

### *2.1.1 New trade theory*

International trade has not only grown but also changed significantly in the past 50 years since the introduction of some key technologies. The development of the information technology and, more recently the World Wide Web has changed the world of traditionally manufacturing firms and factories towards a more knowledge-based businesses and entirely new business models. Technology that enables knowledge and data to move across the globe quickly and efficiently has changed global trade for good and has played its part in ensuring the exponential growth in world trade. Even with the more traditional manufacturers, things such as network management and the control over vast supply chains is extremely important in today’s business environment, especially international trade.

The above also means that the classical theory of trade, based on the comparative advantage by David Ricardo based on the factor endowments and, later modified by Heckscher and Ohlin to include common technologies, is no longer as simply applied to world trade as before. However, similar principles set the basis for understanding the reasons why to countries or economic areas engage in an integration agreement. In the new trade theories the concept of maximising individual (or firm) utility became a point of focus. However the individual preferences are difficult to measure. Although complicated, these set the framework for mainstream international theory today. (Horvat 1999, 8.)

According to many economists choosing your trade partners is significant in terms of success. Government can also play an unpredictable role in the development of trade relationships. Governments again have their motives and incentives to support certain trade deals and industries. Some governments are more effected by the private sector than others. It is common however that a state has more interest towards industries it has more abundant resources or clustering. Of course, larger economic areas such as EU or the US have numerous interests as the regions within their geographical and political borders (countries in Europe and states in the US) are different with each other. This makes the trade agreement between these two countries more unique as the economic interests vary even within the regions themselves.

Zervoyianni (2006, 58) lists the following economic gains known from new trade theories in participating in integration agreements. Trade flows will increase based on the comparative advantage theories, scale economies will improve with the enlargement of markets, and terms-of-trade improve in comparison to the rest of the world. Furthermore, from a microeconomic perspective, competition among firms will increase, factors of production can be more efficiently distributed and increased investment in the integrated area.

In recent years the economic integration has deepened in the EU and globally as well (Agiomirgianakis & Argiros 2006; Young 2002). Agiomirgianakis & Argiros (2006, 2) studied the integration in the EU context, and already in 2006 realised the new challenges of the integration process. Not only has the EU expanded and its functions become more diverse, but also the policy-making and legislative bodies have become more complex. In the next sub-chapter the concept of free trade is first explained from the trade theory perspective. Then the European Union is discussed as a free trade area, and the main idea of EU trade policy is introduced. The EU-US trade relations are discussed further in chapter 3.

### ***2.1.1 The free trade agreement***

The free trade agreement, or a free trade area, is the ideal consequence of trade liberalisation. Free trade is the basis of the Ricardo's comparative advantage logic (Neary 2009, 218). However, several political difficulties often stand in the way of totally free trade (Hoekman & Kostecki 1995, 22). A free trade agreement is often more effective than a preferential trade agreement as it does not only lower barriers to trade, but removes them entirely (Zervoyianni 2006, 57). There is a consensus among economists that lowering trade barriers increases trade volumes substantially. Free trade agreement is an efficient example of this. (Manger et al. 2012, 854.)

As listed above, free trade has many economic benefits with freer trade which are difficult to argue against. The intuitive effects are that the government loses in tariff or tax revenues but the consumer, or end user, benefits from lower prices due to the lower cost of trade and increased imports. Theoretically the increased output through increased productivity is the main factor raising the standard of living in a country. It means higher wages which enables higher consumption. However, it is important to distinguish a country and the multinational corporation from one another. International competition can lower prices but this is based on the internationalisation of firms to low cost countries. It can also trigger technological development by increased R&D or investment in innovation. Technological development, then, is the source of economic

growth. However, the economic growth is related to the output of the economy and the demand in the home country. (Mankiw 2010, 4; Krugman 1993, 23–26.)

However, free trade causes changes in an economy which previously operated as a closed market. Some domestic industries or firms could disappear due to price competition and jobs can be lost. Increased imports also affect the balance of payments of a country. It is also noteworthy, that the economics of scale and technological development in specific industries often focuses on the countries or firms with skills and labour to achieve this. (Krugman 1993, 26.)

With the factor endowments and economies of scale considered, theory suggests that countries should not favour any trade barriers. Not only efficiency is increased when the country can focus on the production of goods or services it has best resources available in, but also the consumption possibilities increase to the consumers. However, problems arise when these theories are applied into practise and even though wealth is increased it may not affect everyone, and in fact some will lose as a consequence (Hoekman & Kostecki 2002, 21–22). In fact, international trade and the elimination of barriers enables firms to move production from the home country to other locations. (Krugman 1993, 24)

Even in Europe, although geographically the second smallest continent in the world, it can be found that the European countries have very different conditions regarding for instance climate and natural resources. Therefore, increasing trade between the European countries, especially due to the relatively short distances between them, has significant consequences. Benefits appear to the consumers in forms of lower prices of goods and more choices. In the EU this has been taken a step further with the customs union and the internal market policy already in the Treaty of Rome (1957) and other treaties thereafter. Most significant revisions to the treaties were the Single European Act (1986), the Internal Market policies and the EU treaty (1992) which strengthened the European integration. In addition to the movement of goods the EU single market includes the free movement of people, capital and services (Agiomirgianakis & Argiros 2006, 7–9.)

With the development of the customs union since the Treaty of Rome the member states have opted for more open trade. Although the unifying of trade policies has not always been simple some trade policies in place in the initial situation aided the customs union to be created and the EU trade policy to develop towards its current form (Young 2002, 20–22; Agiomirgianakis & Argiros 2006, 5). Firstly, Belgium, Luxemburg and The Netherlands had a customs union in the beginning of the negotiations. Germany also had low tariffs and due to its extensive foreign trade, low tariffs were desirable. France, although more protectionist, still had important trade relations to its overseas territories and, therefore, would not have been keen to raise tariffs. Especially the

Belgium, Luxemburg and the Netherlands had open trade policies, not least due to their small size. (Young 2002, 20–22.)

Although preferential trade agreements are not as extensive as the free trade agreement, it has similar policy settings and ultimately it aims for the removal of tariff barriers. Free trade agreement can be very difficult to achieve when foundational differences exist between economic areas negotiating a deal. The PTA framework is discussed in more detail in chapter 2.2. First the EU-US trade partnership is analysed with the theories of the gravity equation to understand the appearance of the TTIP in international trade agenda and the foreign policies of these to economic areas.

### ***2.1.2 Gravity Equation explaining the TTIP***

While the reasoning for international trade is widely approved, some theories deserve further attention with regards to the potential EU-US trade agreement. For instance the gravity equation is widely used to explain the impact of PTA's in trade flows and has been found a successful in doing this (Hayakawa & Nobuaki 2011, 1185; Medvedev 2010, 200).

The gravity equation has been described as a functional model for which data is readily available and standards for modelling are well established. However, for instance, Medvedev (2010, 200–201) criticizes the use of the model as incorrect in many cases. The aim of this thesis is not to open the use of the gravity model in great detail (for this, see for instance Hayakawa & Nobuaki 2011 and Medvedev 2010 in the PTA context) but to understand the analysis method used by the relevant researchers. The most striking findings of researchers regarding the PTA impacts on trade are then, introduced and further discussed in chapter 2.2.4. Understanding the potential impacts to trade helps to evaluate the anticipated economic impacts connected with the PTA in focus in this thesis. Furthermore, the economic impacts are discussed in the empirical research of this thesis and are referred to in the public discourse by the politicians and the media. In other words, to understand the relevance of the public discussion, the academic debate behind the subject also needs to be understood.

The intuition of the gravity equation is described according to Hayakawa and Nobuaki (2011, 1186) as the positive relation between the size of the markets entering a bilateral trade agreement and the negative relation of the distance between the two economic areas. Basically it means evaluating the GDP's of the countries and the geographic distance between them. Of course, the model includes several variables and depends on the extensiveness of the trade agreement. The use here, is to discuss the findings in the articles of Hayakawa and Nobuaki (2011) and Medvedev (2010) to understand the trade agreement agenda even better.

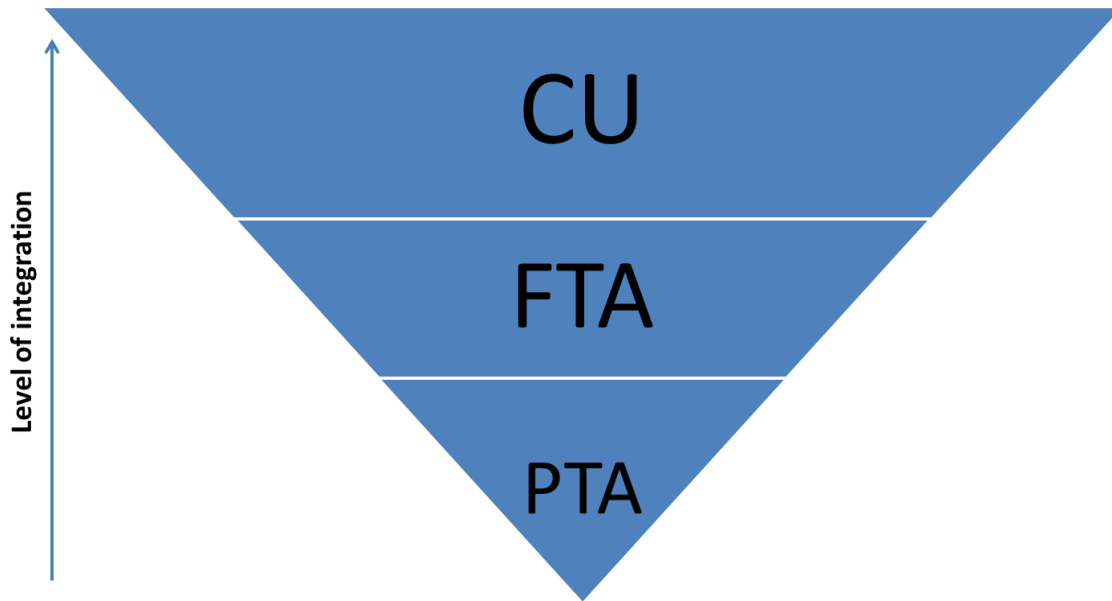
Although the EU and the US are located relatively far from each other the intuitive assumption is that in the current globalized trading arena, they will benefit from a PTA due to their large economies and large volumes of trade already in place with each other. The gravity equation can be further developed to consider further restrictions (or promoters) of trade between two economic areas. For instance, a common language or culture can increase trade between two countries that would otherwise trade less due to their geographical distance (Hayakawa & Nobuaki 2011, 1186). Further issues can be for instance historical ties, such as those caused by the colonial power in the past centuries. The special characteristics of the formation of a PTA are discussed in the next chapter.

As well as the PTA's have positive effects in facilitating trade of final goods between two economic areas, Hayakawa & Nobuaki (2011, 1194) found in their research that the increased number of PTA's have also led to overlapping of such agreements. This can mean increased work for firms and especially MNC's. However, with the EU and US trade considering the existing trade relationship, the problems are more likely to rise already in the negotiation process. The TTIP has provoked public discussion, as the empirical research in this thesis shows. This, in turn can degrade the economic discussion of the basic concepts of international trade in the context. As Krugman (1993, 26) stated, the level of public discussion on, for instance, international trade is often 'extremely primitive'.

## 2.2 PTA's theoretical framework

*PTA's have grown and become the centrepiece of world trade diplomacy as countries seek to improve access to foreign markets for their exporters and investors (Ahearn 2010, 183).*

PTA's are negotiated systems between members (countries, economic areas etc.) where trade is organized in specific terms. Hence, trading partners excluded from the agreement become non-members of the agreement. PTA is a lower level of integration compared to free trade agreement, or a customs union (CU), such as the EU, where tariffs for imports from outside the area are also commonly regulated. In a PTA, member parties are only favoured over the non-members by using different rules regarding cross-border trade. (Ahearn 2010, 182.). Figure 1 illustrates the growing level of integration when between the different ways of organising trade.



**Figure 1** Level of integration with the PTA, FTA and the Customs union.

Even though all the forms of organising trade discussed here increase the level of integration compared to the initial situation, the cooperation in trade processes grows in the way shown in Figure 1. A PTA agreement is the lowest level out of the three illustrated contracts to integrate trade functions. Free trade area, as explained goes further in eliminating all tariffs and the customs union has integration also regarding trade from outside the area. Therefore, the level of integration is highest in a customs union.

PTA's have been accepted by many economists and researchers to have positive impacts on trade (Hayakawa & Nobuaki 2011). A way to describe this is the *terms of trade* used by economists. Terms of trade are used to describe the winners and losers in international trade agreements. In a multilateral trading rearrangement where tariffs drop, the biggest winner in trade volumes is the net exporter as exports tend to increase when trade is liberalized. (Kiyota & Stern 2005, Whittlesey 1932) More commonly terms of trade are used to describe relative prices of exports and imports, in other words, how much does a country have to export to buy certain imports. Lowering barriers to trade including tariffs (customs duties) and non-tariff bans such as import quotas is the main principle of PTA's.

The number of integration agreements, especially free trade agreements has grown considerably in the recent decades (Manger, Pickup & Snijders 2012, 853; Deardorff 2012, 27; Hayakawa & Nobuaki 2011, 1181; Ahearn 2010, 181). Many of these are negotiated and monitored in the presence of the World Trade Organisation (WTO) (Hoekman & Kostecki 1995, 1). The General Agreement on Trade and Tariffs (GATT) implemented by the WTO operates as the base for many trade negotiations for its member states totalling 159 in 2013 (WTO 2013a).

The GATT determines some restrictions and guidelines concerning trade policies and agreements made between any trading partners. The general agreement was first published 1947 and since reformed 1994 in the so called Uruguay Round negotiations (WTO 2013b; Hoekman & Kostecki 1995, 17–19). The GATT includes requirements for the reducing of tariffs and non-tariff barriers in order to ease trade between participating countries. Following the exponential growth of the number of trade agreements it has become a guideline of trade negotiations taking deals even further in forms of PTA's and FTA's. (Hayakawa & Nobuaki 2011, 1181; Horn et al. 2010, 1565, Bagwell & Staiger 2002; Hoekman & Kostecki 1995)

However, the number of PTA's and FTA's is not distributed evenly between countries and continents. The EU, for instance, is an active operator when it comes to trade agreements (See chapter 3.1) but notable differences exists, for instance between the developed and the developing nations. Overall, most of the PTA's are created by the strongest economic powers (EU, USA, Japan or China) with one or more of them taking part in almost all agreement (Manger et al. 2012, 854). It can be seen as a result of the assumed benefits gained from the agreements. The benefits can be perceived higher between countries that have higher GDP's and are already trading with one another. This can, in turn, weaken their position more and lead to further distinguished leaderships and proliferations in world trade. It is also agreed that these countries have traditionally controlled the international trade negotiations due to their significant role in global trade and financial streams (Gries 2010, 33).

Most PTA's today are rather made between two countries than including several separate economic areas, although regional trade agreements exist as well. This has caused an effect, where several agreements overlap one another. (Manger et al. 2012, 854.) In literature this is often described as the “spaghetti bowl” (See Manger et al. 2012, 854). The term is meant to demonstrate the overlapping of the contracts and the difficulty to see who benefits in the end. Since the Treaty of Rome 1957 The EU has tried to avoid clashing agreements by requiring member states to terminate any agreements with countries the union already has a trade agreement with (Young 2002, 11; Free trade is a source of economic growth 2013, 7).

Finally, the EU-US PTA makes sense in the global context of powerful economies leading the global trading scheme (Gries 2010, 33). This can be said as the world trade is currently run by the developed countries and especially the US, China and the EU27 (WTO 2011a). These global leaders have also been referred to as the ‘hubs’ of trade. The term refers to the ‘hub and its spokes’ phrase, where the activity is spreading and affecting the most is often referred to in clusters of cities or in a more concrete manner regarding some industries or operational models such as air traffic. A hub is then the main airport mainly offering connecting flights further to final destinations. Every single airport does not have the capacity for it. In terms of trade agreements ‘hub and

spokes' are referred to more metaphorically. It includes a nuance of complicating trade if the spokes are also connected to other spokes outside the main hub. For instance, Kiyota and Stern (2005), agree that multilateral agreements are often more efficient trading scheme as it helps to avoid these distortions. According to Manger et al. (2012, 857) EU, US and Japan can be classified as hubs in terms of PTA agreements.

### ***2.2.1 MFN and the MFN clause***

Equal trading opportunities are an important focus on the WTO trade policies. Reducing rates between traders is the basis of the so called most favoured nation-principle. It means treating all trading partners equally, giving them best trading options. When WTO members agree a lower tariff on a product, the base line is that they have to apply the same tariff to all other WTO members with some exceptions. (WTO 2013c.) The MFN clause is perceived as non-discriminating as opposed to many bilateral agreements, such as PTA's in some cases (Saggi and Yildiz 2005, 243)

The most favoured nation-policy and other trade enhancing policy settings from the WTO are designed to create a more equal, competitive and predictable trading scheme. It includes ideas such as security of low barriers, even to remain on current levels) is important for the forward planning of firms and governments. The policies are also design to unify the international trade and include the less developed nations in to global trading schemes. (WTO 2013c.)

The MFN clause has also encountered criticism and doubt over its positive impact on economic welfare. Saggi and Yildiz (2005) state that benefits for the producers and, furthermore, the economic benefits can only be reached if the MFN clause is applied to countries that differ in only one way where the MFN can enhance the case. Furthermore, it is argued that the position of the countries outside the WTO and, therefore, the reach of the MFN clause is weak and weakening as the volume of the trade of the participating countries increases (Babwell & Staiger 2002, 2)

### ***2.2.2 Tariffs and protectionism***

Tariffs are a common embodiment of a trade barrier, set up between countries or for certain product or industry to protect it in the domestic country. Imposing a tariff leads to *positive production effect* domestically and *negative consumption effect* form an import point of view based on the laws of supply and demand. In other words, tariffs increase the prices of imported products, which, then leads to lower demand of these now more expensive goods. (Horvat 1999, 125–127.)



As well as import tariffs, there are further different forms of tariffs all effecting in a similar way but using different methods to do it. These include prohibitive tariffs, subsidies and infant industry support. Imposing prohibitive tariffs means limiting the imports to certain level to prevent the prices of the imported goods to drop below the domestic prices. Subsidies then are a way to compensate domestic firms. It means subtracting the amount from the home price which exceeds the prices of imported products. The important difference between a tariff and a subsidy is, however the impact on government revenue. Imports increase money coming in whereas subsidies reduce it. (Horvat 1999, 127–132.)

There are several reasons to impose tariffs. Usually a tariff is required when a domestic product is more expensive than an imported one, and the domestic production is desired to be kept going. In some cases it can have positive employment effects, or for instance, national sentimental value. As well as a country may wish to protect domestic production, and reduced imports improve the balance of trade, the national accounting system of a country. Furthermore, when imposing a tariff a government gains tax revenue, which can be redirected to society as according to dominant policies. However, based on economic theory, tariffs reduce the trade volumes overall (Horvat 1999, 129.). This means they have a negative impact on trade and welfare. The studies of tariffs further support the concept of free trade as the source of economic growth.

In addition to these monetary barriers to trade, there are other, so called non-tariffs barriers (NTB's) to trade. These include all other issues stopping free trade from operating efficiently. These are discussed in the next sub-chapter. The transatlantic trade and investment partnership is focusing on both, tariff and non-tariff barriers. The tariffs are already relatively low between the EU and the US, and therefore, the main emphasis is often on the NTB issues. For instance Medvedev (2010, 220) states that tariff reductions are likely to be less and less important in the making of PTA's in the future.

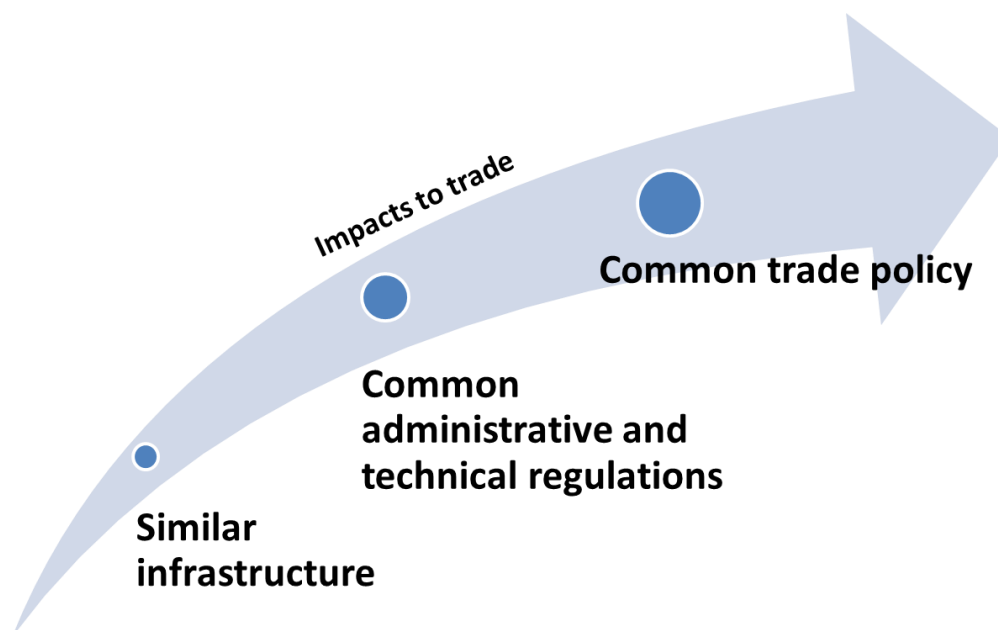
### ***2.2.3 Non-tariff barriers***

There are some issues in the TTIP negotiations still hindering more effective progress. These include so called non-tariff barriers (NTB's) outside the monetary tariffs actually lowering (or removing) of tariffs on goods. Examples include discriminatory measures such as import quotas and price control measures but also more value-driven attempts to, for instance encouraging to the purchase of domestic goods. Slogans such as “Buy American” promoted by American politicians, or valuing the “made in Finland” labelling read into this category as they are against the conceptual thinking in free trade theory. Sometimes the NTB's can be difficult to identify or categorize (Marandu, Phambuka-Nsibi & Thomas 2012, 17). Marandu et al. state that under different

classifications almost all policies that impact the quantities of trade can be considered as NTB's.

Marandu et al. (2012, 20) concentrated on the developing economies in their analysis of NTB's. However, they can increase our understanding on the main concepts of how simple-seeming issues non-tariff barriers can be, with great impacts to trade. Marandu et al. illustrate the NTB's to have four main branches. These are technical regulations, trade policy regulations, administrative regulations and infrastructure deficiencies. These are especially important where differences in, for instance, the standard of infrastructure are notable between the trading partners, or if the level of corruption is high. Figure 2 illustrates the basic factors of conditions required for successful trade agreements.

Especially the infrastructure issues are no longer relevant to the TTIP, due to the similar level of infrastructure development in the countries. However, the regulatory issues and other technical regulations differ between the two partners and can cause problems in the implementation of the TTIP. Bureaucracy and further issues also related to technical and administrative regulations are always an issue to be resolved when trade agreement is being made.



**Figure 2** Required elements to trade agreements and their impact to trade (Adapted from Marandu et al. 2012 & Deardoff 2012)

More related to the context of the trade agreement between the EU and the US, Deardorff (2012, 27) states the following three forms of NTBs exist: protectionist policies, assistance policies and non-protectionist policies. Protectionist policies include product requirements on a local level and imposing import quotas (restrictions on quantities to import). These are very similar to actual tariffs on goods. Assistance

policies on the other hand are closely related to subsidies, and can in fact be just those. These are not necessarily considered as tariff barriers as actual tariffs on imports is not implemented, but instead the domestic firm is supported in form of these subsidies, or in extreme cases, ‘bail outs’. Finally, the non-protectionist policies are presented by Deardorff (2012, 27). These include all the regulatory policies that somehow protect the prevailing business or conditions in the country. For instance, health and safety related issues often courage to increase these non-protectionist barriers to trade. Sometimes the policies are set for quite distant reasons from trade perspective. However, they can more often than not lead to benefitting domestic firms as further requirements are set for foreign operators. This is the case even in a simple inspection or clearance required from the importer before selling their product (eg. food) in the country, which increases bureaucracy and therefore, costs.

In Figure 2 the protectionist and non-protectionist regulatory policies are presented as the implementing of a common trade policy, or as common as possible. Figure 2 does not necessarily limit to NTB’s as trade policies include elimination of tariffs as well. However, these are often easier to remove than NTB’s and therefore those require equal, if not more attention from negotiators. As the arrow grows to the right, the required elements become more meaningful and, simultaneously more important to a successful trade agreement. The trade policies in place before the trade agreement are often value-related and, therefore, they are difficult to negotiate and remove altogether. However, the coordination of policies is the assumed solution to the removal of these non-protectionist trade barriers. (Deardorff 2012, 26–27.) In terms of the TTIP, the number of non-tariff barriers is great. Regulatory, cultural and value-related issues separate the two economic areas in many ways still. These are some of the key issues in the TTIP negotiations. In this thesis, the emphasis is on the non-protectionist trade barriers related to the TTIP, as defined here by Deardorff. As discussed in the previous chapter, in addition to the NTB’s discussed above, cultural and psychological barriers may impact the impacts a trade agreement has on trade relationships.

#### **2.2.4 PTA effects on trade flows**

It is widely agreed that lowering trade barriers, for instance through trade agreements, has economic benefits. However, it is not agreed by researchers how significant the benefits are and what are all the effects of such an agreement (Medvedev 2010, 200). Medvedev (2010) suggests that previous studies have focused on a too small number of PTAs in order to understand the total impacts. He conducted a comprehensive study including more countries and PTA agreements than in previous studies. According to Medvedev (2010, 202) 69 % of global trade is directly impacted by trade agreements

and 32 % is trade between countries who are in a PTA with each other. His main findings were that PTA's notified to the WTO were up to four times more efficient in terms of trade flows. Furthermore he concludes that PTA's would be more efficient, if so many exclusions were not included in the agreements and if they were implemented more quickly. (Medvedev 2010, 220.) Hayakawa et al. found similar results in their studies.

Trade creation and trade diversion are further concepts related to the implementation of PTA's. The main benefits of consistent trade practises and low prices are PTA's are designed to ease trading between economic areas and create other economic and financial benefits. In the international trading scheme PTA's are designed to increase trade in the PTA countries. In other words they are meant to direct production to the PTA covered area as a result of the bargaining. (Ahearn 2010, 183.) This happens, if trade increases due to the trade agreement compared to a situation where no PTA was made (Medvedev 2010, 213).

Trade diversion occurs when production centres in a participant country in the agreement at a higher cost than a non-member previously enabled (Bourdet & Persson 2012, 304). This means that the trade can divert from imports to the products from the PTA area when their price drops (Medvedev 2010, 213). Trade diversion, or deflection, can also be expected in the case of the EU if the conditions between countries remain to vary strongly in the future (Bourdet & Persson 2012, 304). In terms of the TTIP the Centre for economic policy research (CEPR) has stated that the some trade diversion could occur due to increased trade with some third countries. Overall, it is agreed that the direction of trade flows and trade creation or diversion is difficult to estimate. (CEPR 2013, 46. Medvedev 2010, 213)

The efficiency of a PTA is subject to many variables some of which have been discussed in this thesis. For instance, the factors introduced in the theory of gravity equation, distance between the trading partners and the volume of trade or size of the economies, matters. Furthermore, common cultural background, language being a major factor, is important. Moreover, there are issues in the PTA implementation which can affect the effectiveness of the trade deal to the trade flows. Medvedev (2010, 220) Kiyota & Stern (2005, 3) and Hayakawa & Yamashita (2011, 1194) the effectiveness of a trade deal is based its comprehensiveness and a rapid implementation.

So far this study has shown the theoretical reasons for two countries or regions to engage in a preferential trade agreement. Next, these theories are applied to the transatlantic trade and investment partnership between the EU and the US in particular. Furthermore the objectives of the TTIP are explained as well as the objectives of the EU and US trade policies, which support the liberalisation of trade. As the theory suggests, there are several issues to potentially prevent a PTA from operating to its full potential.

### **3 THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP**

The connections in trade and politics between Europe and the US have played an important role in the history of Europe. In this section the data collected is analysed in detail in the context they are published in. The EU has highlighted the significance of the EU-US trade and political cooperation. The cooperation between the two is known as ‘transatlantic’ and the term can be found in many already existing contracts and agreements. As discussed previously, the US has played a significant part also in the shaping of the European continent after the World Wars. The Marshall Plan and encouragement towards the choosing of market economy started a new form of economic relationship across the between Europe and the US (Eichengreen 2007).

The reason why EU trade developed the way it has is closely related to the historic events in the region, especially after the two world wars. The wars left Europe in ruins and people out of permanent residencies. The capacities of the European countries were high for industrial purposes and this from its part pointed Europe to the direction of economic growth through heavy industries. It was also the presence of U.S army immediately after the war that helped Europe to build its economy towards market capitalism as a way to create a distance to the East. (Eichengreen 2007, 36–41)

#### **3.1 Aim of the TTIP**

First initiatives in the modern EU towards a conceptualised trade agreement with the US were in 2007 when the Transatlantic Economic Council started its operation (European Commission 2013b) Further discussions have existed between firms and industries before the actual negotiation process. The interest towards the TTIP has been active also from the private sector. Therefore, lobbying can play a role also in the TTIP negotiations as firms and other interest groups possess an increasingly powerful status in government decision making (Baumbartner 2007; Dür 2008).

In November 2011 the EU and the US agreed on establishing a High level working group on jobs and growth (HLGW). The task for the group was to look into the trade between the two economic areas and find policy suggestions to increase it and drive economic growth and job creation. It states in its final report that transatlantic trade is “the backbone of the world economy”, and, *we can do more to strengthen the contribution of trade and investment to fostering jobs, growth, and competitiveness in both economies.* (HLWG 2013a, 1).

The following methods were set in the final report in order to expand trade between the EU and the US:

- Elimination or reduction of conventional barriers to trade in goods, such as tariffs and tariff-rate quotas
- Elimination, reduction, or prevention of barriers to trade in goods, services, and investment
- Enhanced compatibility of regulations and standards
- Elimination, reduction, or prevention of unnecessary “behind the border” non-tariff barriers to trade in all categories
- Enhanced cooperation for the development of rules and principals on global issues of common concern and also for the achievement of shared global economic goals (HLWG 2013, 1).

The recommendation of the HLWG was that the leaders of both economic areas engage in negotiations on a comprehensive trade and investment agreement (HLWG 2013, 1).

The EC’s official evaluation and published figures of the expected economic significance of the TTIP is based on the final report by the Centre for Economic Policy Research (CEPR). They have used a computable general equilibrium (CGE) model which takes the global trade dynamics, scale economies, imperfect competition, linkages between sectors and capital stocks and investment impacts into consideration. Therefore, it is a comprehensive multi-region, multi-sector global CGE model. The usage is possible in implementing tariff reductions, export tax and subsidy reduction, trade quota expansion, input and output subsidies and reductions international shipping and logistics services. The model is explained in detail in the publication of the CEPR (*Reducing transatlantic barriers to trade and Investment: An economic assessment* 2013, 21–24).

The CEPR report concludes in the often quoted numeric impacts of the TTIP to EU and the US. The CEPR report states that an ambitious and comprehensive TTIP would bring gains equivalent to 0.5 % GDP growth to the EU (estimated € 119 billion a year) and 0.4 % to the US (€ 95 billion) by 2027. It is estimated that up to 80 % of the economic gains come from the so called non-tariff barriers (NTB) such as harmonisation of products and elimination of bureaucracy and protectionism. Moreover, economic gains are stated to derive from increased trade as well as productivity gains resulting from the reduction in of NTB’s. (CEPR 2013).

### **3.2 EU and US trade policy comparison**

An important feature of the EU trade policy is the customs union first initiated by the original member states Belgium, France, Germany, Italy, Luxemburg and the Netherlands. The initial agreement was to eliminate tariffs, unite trade policies and

agree on negotiating mechanisms outside the customs union. This meant the first definitions foreign trade policy and trade negotiation with the rest of the world. By these definitions the EU foreign economic relations have developed further. Furthermore, Belgium, Luxemburg and the Netherlands already had a customs union in place and were liberal in their trade policy in general, not least due to their size. Germany as well had low tariffs but France and Italy were somewhat different to the other member states. (Young 2002, 20–22.)

The EU identifies two main goals in its global trade policy. The Union itself is an important point of focus in all trade policy settings. In addition to this, it highlights the need to keep up with globalisation and the changing world trade dynamics. In the intra-EU trade the European Union promotes the single market policy. Its core features are the free movement of goods, services, people and capital within the EU borders. (Free trade is a source of economic growth, 3.)

Further important features of the EU global trade policy are transparency, traceability and development issues (EU 2014). It was sensible for the European countries to work together in opening their trade also in terms of trade agreements. The European Payments Union was one of the first organs to coordinate trade with the Code of Liberalization, which was the first step towards removing import controls (Eichengreen 2007, 36.)

EU puts value on the existing trade relationships and uses its connections to negotiate more extensive trade pacts. This has been done throughout EU history despite the differing economic interests of member states. (Young 2002, 1.) According to Young (2002, 1) the ‘new’ issues in EU trade are the trade in services and policies towards FDI. These are, without a doubt, relevant issues also in the TTIP negotiations.

According to Horn et al. (2010, 1575–80) both the EU and the US are focusing on similar issues in their PTA agreements, most of which are highlighted by the WTO well. Especially noteworthy in the implementation of PTA’s based on the WTO mandate were Tariff cuts on goods, lowering export taxes, custom administration, antidumping policies and so on.

PTA’s extending the WTO mandate highlight also the following key issues:

- Intellectual property rights,
- investment,
- movement of goods,
- competition, and
- social matters.

Some notion is also given to terrorism, illegal immigration and migration. In the US focus was also found on intellectual property rights, investment and movement of goods, but, perhaps surprisingly hardly regarding terrorism, illegal immigration or migration. (Horn et al. 2010, 1568-81.)

The importance of trade agreements is apparent in the US foreign trade policies and the academia has contributed to the discussion by studying the economic impacts of the agreements, especially FTA's. Kiyota and Stern (2005) conducted a comprehensive study on the economic effects of the range of US bilateral and regional free trade agreements in place and negotiated at the time leaving room for ex-ante analysis. The results were a rise in welfare on a global scale with reallocation of production as per the basic theory of comparative advantage. However, it is noteworthy that although overall welfare is increased, some (industries, individuals, or even countries) could and most likely will lose as a consequence of the trade liberalisation. The emphasis is, though, on the benefits of increased competition (less monopoly positions), lower costs to firms with the realisation of returns to scale and increased utility to the individual due to the greater variety of products to choose from as a consumer. (Kiyota & Stern 2005, 2–3.)

### ***3.2.1 Current trade agreements of the EU and the US***

In terms of the position of EU and the US in global trade agreements, it is noteworthy, that both are active operators not only in the making of PTA' but also leading the discussions. Both are actively promoting the negotiations and a have set up websites to inform and promote the TTIP (United States mission to the European Union 2014; EC 2014).

Horn et al. (2010) listed agreements made by the EC and the US in their study of the nature of the EU agreements in comparison to the US. The authors used the term European Community, the predecessor of the union which is here accepted as comparison to the EU as those agreements have been transferred to the EU 1994 (Council of the Union 2013a). They found out that the EC was extending the agreements beyond the WTO mandate notably more than the US. However, a further note was also that the legal issues of the agreements stopped them from functioning properly in all situations, whereas the extensions US agreements were more legally enforceable. (Horn et al. 2010, 1568.) However, there still is a lack of research in terms of studying the formation and type of trade agreements made by the EU as opposed to the US. Ahearn (2010, 197-211).

European Union has a trade policy speaking for accessibility and a single set of rules in international trade (European Commission 2013a). According to Ahearn (2010, 185) the PTA's of European Union have progressed for four different reasons: Geographical proximity, boarder stability, historical reasons, and, finally, avoiding discrimination for the EU exports by making agreements with more distant trading partners. The geographical reasons are closely related to the integration and enlargement objectives of the Union. Making trade agreements with a European country is a stepping stone



towards EU membership. EU members, then, in the course of joining the union are required to end their bilateral agreements outside the EU (Free trade is a source of economic growth 2013, 7.). Moreover, the more distant trade agreements have been in stronger focus in the EU in the recent years. They are also more in detail and extensive than previous trade agreements, with some exceptions (Ahearn 2010, 186–191).

Generally the EU has focused on trade agreements with *regions* instead of individual countries due to its own formation of several national states. However, bilateral agreements can be in question when the market offers similar conditions regarding size and other factors. (Ahearn 2010, 183). From this perspective the US is suitable as a potential trading partner for the EU.

The EU forms its agreements subject to the members making each individual agreement. For instance, in the US a basic structure for a PTA exists (Ahearn 2010, 185). As mentioned previously, the EU is a large PTA in itself. This stems from the historic events in the Union and the strong emphasis on negotiating better deals within the union and with its trading partners. These trade negotiations are an important factor in the developing of low customs duties in global comparison (European Commission 2013a, Bourdet & Persson 2012).

Moreover, the EU has focused on more comprehensive (free) trade agreements after the Global Europe undertaking by the commission (Ahearn 2010, 184), although some concerns have been announced in the context by the commission itself in the regards of risks and effects on trade (Global Europe 2006.) concentrating on creating more extensive agreements than just the WTO bottom line (Ahearn 2010, 184, Horn et al. 2010, 1567).

It is also argued that the EU trade procedures are not necessarily as efficient as the union wishes to think and convince. For instance, Bourdet & Persson (2012) found on their study regarding the performance of different EU countries to be imported in that conditions for international trade vary greatly among the member countries. Non-EU exporters face different conditions and export times because of existing differences in the trade procedures such as use of information technology, computerized scanning, skilled staff, bureaucracy, and even corruption. Naturally, the more delays or hindrances exist during trade the higher the costs. These costs can stem from various sources such as increased transport costs or port detentions to ruined goods due to prolonged delivery times or other costs to retailers or end-users (Bourdet & Persson 2012, 301.)

Bourdet and Persson studied the differences among EU countries based on the number of days it took a non-EU exporter to export goods to the final destination. They concluded especially that for the weakest performers (most days to complete exports to the country) to improve their trade conditions and lower non-tariff barriers would result in as much as 20 per cent increase in aggregated exports. Also the current imbalance on the levels of performance of the different EU countries and especially if the

performances of best performers should weaken, it could affect exports to EU as much as 68 per cent. (Bourdet & Persson 2012, 311–312.)

A further economic study by Gray and Slapin (2011) investigated the world's regional trade organisations including the EU as customs union and a free trade area. The study concluded that the many agreements are more efficient in paper than they are in practise. This is often due to the legal restraints that hinder the full cooperation within the partnership. In addition to these interesting findings regarding PTA effectiveness, the study made some specific notes regarding the EU in this context. EU scored higher in the ranks of integration and cooperation as well as perceived effectiveness by the experts they surveyed. (Gray & Slapin 2011, 313–326.)

As discussed previously the US is a significant operator and rule-setter in international trade and world politics. Some have argued, though, that domestic politics, foreign policies, such as wars, and the most recent financial and economic crises and pressure thereof with the Obama administration have withdrawn the US attention from negotiating trade agreements. On the other hand, trade agreements can operate as political stabilizers, which has also been the case in EU trade policy. However, with regards to active EU foreign trade policies and agreement, the US has not been willing to put their trade negotiations on hold (Manger et al. 2012, 854-856; Ahearn 2010, 184–185).

In US trade agreements in particular, it has been argued that effects of PTA's on non-members have caused trade diversion which reduces economic welfare and is not the desired outcome. Non-members are mostly left out of the discussion of the benefits of a free trade agreement. (Kiyota & Stern 2006, 18.)

Kiyota and Stern (2006, 21) also note on the basis of their research on the welfare effects of such agreements that MFN policies are less discriminatory as they provide the best conditions for all whereas the FTA or PTA only prefers the members. The differences were quite significant and the FTA was not the most beneficial form trade for either the US or the country the PTA was carried out with.

The United States has free trade agreements in place with 20 countries: Australia, Bahrain, Canada, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Israel, Jordan, Korea, Mexico, Morocco, Nicaragua, Oman, Panama, and Singapore. Furthermore, the United States is also in negotiations of a regional, Asia-Pacific trade agreement, known as the Trans-Pacific Partnership (TPP) Agreement.

PTA Agreements between less developed and high income countries help create an investment climate in the LDC that supports increased foreign direct investment. However, the Global Europe report (2006, 10) states its concerns regarding the risks of an international trading system, with numerous partners and beneficiaries. The report high lights EU view on extending the PTA's to the point where the some key issues, for

instance not listed by the WTO are taken into account. (Horn, Mavroidis & Sapir 2010, 1566; Global Europe 2006, 10.) Security can also be a factor concerning the creation of trade agreements. Conflicts or conflict prevention can also work as a motivator for a PTA. (Manger et al. 2012, 854-856.)

### ***3.2.2 The decision making process in the EU***

The EU is a complex system consisting of several institutions, which effects greatly on its decision making processes. Especially regarding international trade the decision making can be challenging due to the number of the member countries in the EU. Countries are of different size, wealth and they specialize mostly in differing production or services. Even the climate in Europe differs from north to south and west to east. As decisions are made with representatives from all EU member countries and, furthermore, consist of complicated processes the unity of decisions is often perceived difficult to achieve.

The European Union represents the member countries with Members of European Parliament (MEP) from each member country. The European Commission, then negotiates on their behalf with the voices of the Commissioners. In international trade negotiations, all decisions are completed in the Union. This means that no country can have bilateral trade agreements with non-EU countries. (Young 2002, 6–7; Free trade is a source of economic growth 2013, 7.)

According to Young (2002, 2) EU foreign policy making processes are the result of a *two-level game*. It means that the decisions are first made at a national level, and then, at the international. This means, that the negotiators are working on two directions at once in order to create, for instance, trade policies. Furthermore, the EU itself can be interpreted as the domestic scene of the negotiations. (Young 2002, 2–3.) This could more reflect the situation in the TTIP policymaking, although the national level is not easily overlooked.

The number of different interest groups has grown significantly in recent years and their importance in the EU is growing (Dür 2008, 1212). Think tank organisations are a direction of influencing political decision making today. Think-tanks are non-profit making, non-partisan institutions often representing certain ideologies that fit their purpose (Abelson 2014, 127; Leeson, Ryan & Williamson 2011, 63). According to Abelson, they are often divided into policy research or the political backing of an ideology. Leeson et al. (2011, 63–64) explain that the difference between lobbyist and think tanks, however, should be clear due to the organisational structure of think-tanks. According to the authors' research, think tanks are prohibited from supporting political campaigns for the legal restrictions of an organisation status. Ideologies, however,

direct think tank operations and motives for the line of research they provide and they can influence politics indirectly through cooperating with political decision makers and by trying to shift public opinion.

### **3.3 Problems preventing a comprehensive TTIP agreement**

As this study concludes, the economic benefits that could be reached with the implementation of the TTIP are not denied by the critics. The sufficiency of the benefits, however, in comparison with the potential problems the TTIP could cause, is questioned. As is discussed in the analysis part of this thesis, some argue that problems are inevitable and that they impact important issues in the everyday life of, for instance, European citizens. Those could threaten democracy, equality or the environment (see chapter 5). Some issues are related to the trade conditions between the EU and the US and need to be resolved in order to reach a comprehensive trade agreement, which would be more efficient.

The TTIP is driven by the economic policies of the EU and the US and the economic benefits are the main focus of EU reporting. Young (2002, 6–9) has argued that in the EU context, concentrating solely on the economic interest can be harmful. This is because of the member states' differing individual characteristics from economic point of view (manufacturing, services and further natural endowments caused for instance by climate). The EU membership and EU as an institution is based on an institutionalised cooperation where more than economic interests are important values. In addition to the criticism towards the economic motives, the following issues presented in this thesis are also discussed in the media, but, more importantly they are notified or reported by the EU or the US as issues in the TTIP negotiations. In part, they have been addressed by the EU or the US as a response to the public discussion and worry over the downsides of the TTIP. Here, the issues are introduced briefly, and in more detail with supporting arguments in chapter 6.

First, it is noteworthy that the negotiations itself have been a reason for speculation in the media. The progress has been slow at times, and issues relevant to world politics have influenced the negotiations. An example of this is the so called Snowden case, which also attracted attention towards the foreign policymaking in the US delaying the negotiations (The Guardian 2014b). The implementation of a fully comprehensive trade agreement as quickly as possible, is important to many of the negotiating partners (No time to waste on transatlantic trade 2013; Opening shots 2013).

Furthermore, different industries have also raised concerns over issues regarding the regulatory differences between the EU and the US. Requirements of the quality and functions of end products and manufacturing processes are very different. Furthermore,

product standards differ. For instance, a considerable amount of costs goes into the modification of an American product to fit to the European market. Regulatory differences, for instance with the testing for drugs, food products and labelling of products increase these costs. Since the EU legislation is subject to the approval of each individual member state, changes in it are complicated and time consuming. Further problems have occurred for instance with genetically modified (GMO) organisms and some country specific cases where an industry is specially protected. The regulatory issues are mainly a concern in the European perspective where legislation is more complicated. The concerns over the production differences and regulatory issue are discussed in more detail in the empirical section of this study.

A further issue is the protectionist measures currently in place in the EU and US trade. Protectionism means trade policies protecting local producers or brands for instance by restricting imports of that product placing a tax on them. This way the domestic product earns a protected position. (Mankiw 2010, 142). For instance the implementation of tariffs to foreign products prevents fair competition on the bases of free trade. Johnston (2013, 574) has studied the individual citizens' preferences to protectionism and has found value-related connections to these preferences. For instance, need for security and certainty are values connected to the supporting of protectionism. These findings could be used to understand the reasons behind national protectionism and understanding of

The trade negotiations play an important role to the final extensiveness of the trade agreement. As Hayakawa et al. (2011, 1994) and Medvedev (2010, 220) conclude, the effects of a PTA agreement are relative to the phasing out periods of existing rules and the number of exclusions remaining after the implementation of the trade agreement. These are under debate also in the TTIP negotiations and are raised as issues in the public discussion as well.

In the previous parts of this study the relevant trade theory and the trade policies of the EU and the US have been discussed and analysed. The focus in this study, the transatlantic trade and investment partnership has been introduced and the empirical research has been referred to in a couple of occasions. Next, in chapter 4, the empirical research method of this thesis is introduced in more detail. I explain the research approach to the collected data and the theoretical framework the data is being analysed with. Chapter 5 describes the key findings in the data of the public discourse on the TTIP and chapter 6 provides a more deep analysis of the issues related to it.

## **4 EMPIRICAL RESEARCH DESIGN**

The research method in this study is a qualitative discourse analysis of media articles, press releases and other public discussion regarding the negotiations on the TTIP between EU and the US currently in the middle of the negotiating process. The content of selected articles, news and writings is analysed in their context using the methodology of critical discourse analysis (CDA) and a framework of questions resulting from the theories introduced in this thesis. Focus of the analysis is on the general observations of the discourse, and moreover on discovering who are for- or against the trade agreement. As well as the opinions towards the TTIP in the data, the anticipated economic impacts of the TTIP are introduced and analysed critically.

### **4.1 Research approach**

The research approach in this thesis is a qualitative research. Since the purpose of this thesis is to construct an image on the discussion regarding the TTIP, a qualitative research method is more suitable. I use an inductive method of analysis in this thesis, in order to construct a comprehensive image of the topic under analysis. The aim of induction is to use the data to complete the theoretical framework. The data analysis and the theoretical framework have been studied simultaneously. The chosen data shows a clear dichotomy and, therefore, enables comparison.

The interest and reasoning for this thesis has risen from the public discourse, not for instance only from the theoretical framework. The target of interest here is the context, language, overall message the authors want to convey, and possible hidden motives of individuals participating in the discourse. According to, for instance, Berg and Lune (2012, 1) qualitative research is used to describe the what, how, when, where, and why of a phenomenon. It is descriptive and investigates meanings and concepts. Therefore, a qualitative analysis was chosen for the analysis.

The chosen research approach is, as mentioned before, a critical discourse analysis. Important features are, therefore, social and personal aspects of writers of the selected data and especially the impacts of social groups. Discourse analysis is not as structured as some other research methods (Jokinen, Juhila & Suoninen 1993, 17–19). Jokinen et al. conclude that as well as structures of language, social context becomes important

For instance, van Dijk (1995b) has researched the discourse semantics and the impact of society, social conduct and impact of groups on the belief systems of people. Individuals are almost always part of some social environment and our belief systems are impacted by these surroundings. Therefore, for instance in terms of reliability and trustworthiness, context is extremely important when analysing text. Objectiveness is

often perceived to be important for the reliability of scientific or journalistic texts. In political writing this is not often the case. Positioning of authors is, therefore, specifically analysed.

In a qualitative research, the data is often looked at as an entirety that helps to understand a wider concept. In order to make valid conclusions and findings the data needs to be organised to smaller entities that link to the theory used to understand the larger phenomenon. (Alasuutari 1993, 21-27.) In this thesis, this is done by first determining the opinion of the author towards the TTIP. Then, reasons or arguments used for the opinion are analysed from the texts, to gain deeper understanding of the TTIP and the issues connected to it. The discourse analysis of the texts is analysed in chapters 5 and 6. Especially the issues rising from the public discourse regarding the TTIP, as well as the anticipated significance and impacts on trade according to the financial or political decision makers or professionals are analysed.

## 4.2 Critical discourse analysis

*Critical discourse analysis (CDA) is a type of discourse analytical research that primarily studies the way social power abuse, dominance, and inequality are enacted, reproduced, and resisted by text and talk in the social and political context.*

(Van Dijk 1995b, 352)

According to Van Dijk (1995b), CDA brings the concept of context into discourse analysis and especially individuals roles in society into the centre. Social interaction and influence are inevitable parts of political discourse and shape the research of related topics such as the TTIP discussion. Critical discourse analysis is applied here due to its ability of explanatory power of social structures and discourse in connection to public debate (Van Dijk 1995b, 353).

Fairclough (2003, 21–28) says that *social practices* are a way of understanding activity in certain situations. He explains these social practices as understanding a social event (or text) through the *actions, social relations, persons, the material world and discourse*. What he means by this is that texts have a relationship to the events they represent and the social world they are connected with.

Van Dijk explains how power in discourse is in the hands of the *elites*. What he means by this is that each field of professionalism or, to some extent, field of science, has their own leaders who have more power in the discussion. In broad terms this means professionals and the most respected members of the professions in particular, have more power in addressing their topic. For instance, politicians have more to say on politics than a layman and business successors on business practices than, for instance,

lawyers or doctors of medicine. Although many are active for instance in the discussion regarding the TTIP, but the attention is on the political and business *elite* who, at least, are believed to have the best insight to the conversation. Talk and text can be in control of powerful people and they have a possibility to impact the public opinion as well. A simple example of this can be the trustworthiness of respectable media and, on the other hand, tabloids as source of information. (Van Dijk 1995b, 356–357.)

Chouliaraki and Fairclough (2010, 1214–1215) also use CDA in their organizational studies. They mention social relations, power, institutions beliefs and cultural values as the important relations behind texts when considering what the context actually is. They also point out, that focusing on context alone can be harmful. In this thesis all the above aspects are combined to create a pattern through which all the articles can be studied in a transparent way, in a way that anyone can understand the conclusions of the research. The chosen data was looked at in the context of its publication, author, the authors' (or organisations'), opinion. Then, the data was analysed through the trade related arguments used by the author. Finally, the anticipated economic significance of the TTIP was looked at in the data it was expressed by the authors.

According to Jokinen et al. (1993, 30) considering a context means taking the time and space of a text into the analysis. Fairclough (2003, 21) sees texts as a part of what he calls social events. Van Dijk (1995a, 245), again, highlights that ideologies are mostly shared in social groups. According to the author these can be related to race, class, gender, social power and so on. In relation to these, he also lists the following as important viewpoints when conducting a discourse analysis, which apply here as well.

- Norms/Values
- Position
- Resources, and

Van Dijk states that norms and values are important in dividing people with regards to their political positioning or, for instance, religion. This impacts the discourse and can, in part, effect on the choice approach to the trade negotiations. Position refers to the power relations between chosen persons. Political or hierarchic position impact the influence a person has to the public and especially supporters of similar values and norms. Resources, then, can be symbolic or material. According to van Dijk, Symbolic resources, which can impact the approach on the subject, can, for instance, be relevant to status, employment (income) or knowledge. These can bring a specific aspect of approach on the discussion and, therefore, are analysed here. Alasuutari (1993, 26) also highlights, that differences within the data or people are significant.

O'Keeffe (2006, 63) presents a model from Tang and John (1999) who studied students identity as authors. They found that the authors have three roles they can acquire: a societal role, discourse role and genre role. These, especially societal and a discourse role are interesting here, as they help clarify the role in which the authors are



looked at in the texts analysed in this study. First, the societal role reflects to qualities a person has regardless. Such can be being a parent, or a citizen of a country. Second, the discourse roles are those a person chooses to have when they take part in activities or institutions in the society. For instance, speaking as a doctor through education or being a patient in a hospital. The third role, genre role, refers to the roles that can be taken with writing the text, which is not analysed here. However, the divide into the societal and the discourse role is useful in this study. In fact, the societal role as explained above is under deeper analysis.

In this study, the cultural framework and the social practices are, without a doubt, significant. The conditions of FTA's are closely linked to the principals of the capitalist market economy and the recent decades have been the time of economic growth and increased welfare. The global trade phenomenon has created prosperity and has brought that prosperity into the developed countries as well. However, people may also have individually or socially constructed opinions on free trade and its economic significance or impacts of such a trade deal such as the TTIP. As Johnston (2013, 574) argues, that the growing integration requires a greater understanding of the public opinions towards free trade. He states that there is gap in the understanding between the 'mass public' and the economic experts.

Text is also often under precise analysis in the discourse analysis method, but here the main focus on context and the social position, values and resources of voices. Naturally, the text and language is also important in establishing motives and reasoning behind an opinion and this is considered in the final analysis of the text, although it is not the focus. Language is, however, connected to the social context so it needs to be taken in to consideration when conducting a social analysis via text (Fairclough 2003, 2). As van Dijk (1995a, 268) puts it, meanings are not always spelled out in specific terms, but can be identified in the text still.

Next the research approach used in this study is introduced in more detail. First the basic concepts of CDA are explained, and, then, some aspects of media research are introduced in connection to this study. In this chapter I also introduce the selected data and the framework through which it will be analysed

### **4.3 Media and communication research**

Text is a broad concept including written and printed texts and also conversations, interviews and television broadcasts (Fairclough 2003, 3, 30). The media has grown to be an important channel for politics and business to announce opinions and inform the audience on changes and it has inspired many analyses on discourse and social context (Van Dijk 1995b, 359). It is widely recognized that the news and media coverage is

reported very differently in different sources (Fowler 1991, 11; Thompson 1995 ) The internet has grown to be more significant information source and sometimes even the only source used in data collection (Berg & Lune 2012, 28).

Berg and Lune (2012) suggest that the Internet provides a valid source for traditional research material, such as scientific articles or e-books, when the Internet is the not the initial place for publishing but, instead, a place just to retrieve data. However, according to the authors material published online (including blogs, magazine articles etc.) the presumption must be more suspicious and even expect unreliability. In this study these problems are tackled with the analysis of context, societal and discourse role of the author along with their position and resources to address the TTIP. Furthermore, in terms of website reliability also discussed by Berg and Lune (2012, 29) as they state, government agencies often provide reliable, up to date information and an archive of material such as press-releases on their websites.

Thompson (1995, 6) underlines the importance of media in social and political situations in the world throughout history. Ever since the introduction of a new media it has had a growing position in global events and some influential appearances of individuals. The first radio and television broadcasts earned a great interest and when the devices became more common in households their importance as public message transmitting has increased as well. Famous political examples are the King's speech in 1939 on Britain declaring war to Germany on air. The television debate between presidential candidates John F. Kennedy and Richard Nixon in 1960 began a new era of political appearances in the media. Nixon was perhaps one of the first political leaders thereon to use media as an important strategic tool for elections (Thompson 1995, 138). Today, debates prior to elections and related political discussion play an important role.

One of the most recent phenomena in media discourse is the social media. The most remarkable contributions to public debate are the increasing possibilities of the public participate in the discussion. This creates issues with the reliability of the media message and needs to be considered when discussing source criticism and validity. Characteristics of today's social media are that anyone can write, comment and create information for everyone to see. Therefore, it can be described inclusive and involved whereas conversations in public are more detached (O'Keeffe 2006, 3). Also, sources used in writings on the internet are not as evident as in more traditional media. Newspapers have always had their own critics and evaluation criteria such as political orientation or other motives.

According to Fairclough (2003, 30) the 'mass media' has created 'chains' or 'networks' of texts which are linked to one another. First, news or articles are built on various material or, for instance, interviews. Then, the story is developed with every new story or coverage on the topic and, furthermore, in forms of conversations.

Therefore, texts are crossing different scales of social life and are used with modern societies connecting with each other. (Fairclough 2003, 30. 47–50)

The chosen articles and news or media coverage in this study are mainly written by professional journalists, economists or politicians with mostly higher education and experience in writing. Therefore, main emphasis is in the content of the data reflecting the authors' values, status and position. Some textual features may be considered if they seem to play a role in the purpose of the text or stand out as provoking or carefully chosen to promote a cause.

Today, electronic media and social networks have reached a strong, if not stronger, position compared to printed newspapers and television broadcasts. Some aspects of media coverage are even more popular on the Internet than in printed media. News are a good example of this as the news online can be updated every minute. The fast pace of information has also changed the dynamics of news. (Guadagno, Okdie & Muscanell 2013, 301–302.) Furthermore, interesting headlines have become sometimes more important than the content itself and the possibility to customise news channels. (Weiss 2012, 8; Guadagno et al. 2013, 302)

#### **4.4 Data Collection and analysis**

The data in this study was chosen from newspaper articles, other public channels for information, websites and comments in the internet published in 2013–2014 since the beginning of the TTIP negotiations in July 2013, until March 2014. News coverage on the partnership and discussion around it was also followed in order to gain an understanding on the nature of the discussion. The total number of the articles, reports and other data chosen for the CDA was 27. In addition to these some sources only available online (mainly informative websites of the EU and the US) were studied as part of the data. 14 of the physical texts were clearly stating to be supportive to the TTIP and 7 clearly against it. The rest were not expressing views clearly, although were raising issues regarding the content of the TTIP or the course of the negotiations. In depth-analysis is only performed on the chosen articles introduced in chapters 5 and 6.

The news publications chosen for the data collection for this thesis were two globally respected business newspapers, The Financial Times and The Guardian, both edited in the UK. Also a global weekly news magazine, The Economist, was reviewed in the data collection as a main source of articles and analysis. The number of related searches received from the websites of these publications with the search word 'TTIP' were 44, 200 and 98 respectively (April 1<sup>st</sup> 2014). These included news, articles and comments. The most relevant were chosen for the analysis.

In addition to the above, global news coverage on the TTIP was followed and further sources of global newspapers and other media was utilized. Furthermore, publications of the EU commission and the U.S. congress were analysed as a relevant part of the public discussion part of the thesis. Moreover, two economic analyses conducted by think-tank organisations for the EU were used in this study to help understand the connections between the public discussion and the official reporting on the anticipated economic impacts of the TTIP. List of the sources and number of analysed articles chosen from each source can be found in Appendix 1.

Data was collected using the relevant search words on regular search engines and on newspaper websites. These included *The transnational trade and investment partnership, trade negotiations* (between the US and the EU). As explained previously, news coverage on events such as the progress of negotiations was not in the centre of the data collection. Furthermore, some clearly significant events within the chosen research period were left out to avoid the information overload and in order to keep the focus. Furthermore, important criteria for the data collection were the intertextualities between the texts and the dialogue between individuals. Fairclough (2003, 39) discusses the *external* and *internal relations* of a text. As well as direct quotations, external intertextualities can mean other ways an outside text is brought into the text in question. Some are said directly, and some are *assumed* from the context and topic itself. In this thesis in particular, the common topic of the texts has guided the data collection. The intertextualities, have, to some extent, been direct as well, but the common understanding of the key functions of the TTIP are often assumed. The direct referring in the texts to other texts included in the data is pointed out in the analysis.

Being an economically extremely significant trade agreement, the TTIP receives a great amount of media coverage. Some issues concerning the foreign policies of the negotiating partners have also been on the table when discussing the trade agreement, but were chosen not to be further analysed in this thesis due to limited resources. Source evaluation on each individual source and analysis of their trustworthiness is conducted in chapter 4.6. It is noteworthy, however, that provocative or opinionated articles were not avoided, but instead, the aim was a comprehensive image of the public discussion regarding the TTIP.

As discussed previously, and more in detail here in chapter 4, the aim for this study is to analyse the discussion regarding the TTIP in the political and economic context. The CDA is an applicable method due to its specific tools for understanding meanings behind people and organisations, words and phrases by looking deeper into the context of the text and position of the author. Based on the concept of CDA and the framework by Van Dijk previously introduced in chapter 4.1 I have designed an analysis framework to follow. This is further aided with a set of questions simplifying the data to a more understandable form.

The data analysis is based on a chosen set of indicators derived from the trade theory and perspectives of critical discourse analysis. First, the publication of the article was reviewed. Next, the authors were reviewed. Important questions here were who they represent (for instance the government, newspaper, business, or an organization) and what is their immediate aim (for instance, representatives of the US government or EU serve the purpose of promoting the TTIP as it is the definition of their policy). Furthermore, the *elitism*, or status and position or resources of the author are evaluated. Some background information has been collected to serve this purpose from the authors' newspapers' or their organisations' websites or publications.

After reading each document, an observation on the opinion of the author regarding the TTIP was drawn from the text. These were divided into the following categories: **for, against, or neutral** (and, **neutral, but sceptic** in some cases). The reason for this division was to clarify the analysis of the dialogue. The supporters and critics of the trade agreement were under more specific analysis, although the neutrally toned articles (such as news or research reports) were important in creating an overall image of the phenomenon, and, in the analysis of the anticipated economic significance of the TTIP.

Focus of this thesis is on the reasons authors have for their opinions. As discussed previously, the norms, values, and position of the author have an impact on this but, furthermore, the **data was analysed focusing on the arguments relevant to the trade theory explaining FTA's and international trade**. The most common trade-related arguments were then drawn out from the data and analysed individually to further clarify the public discussion on the TTIP. Hence, the article were analysed in detail only from their relevant parts, and unrelated points are not brought forward in this thesis.

Finally, the anticipated economic significance of the TTIP deal globally and to the EU and the US was drawn out from the public discussion. All documents in the analysis did not touch upon the economic value of the deal nor provided figures of perceived impacts. These documents were excluded from this part of the analysis. Noteworthy here is that the anticipations of the authors are based on different economic analyses and these are not studied in detail. The purpose of this part is to complete the overall view on the nature of the public discussion, and, to conclude the critical discourse analysis comparing the expected economic significance to the division of the opinions.

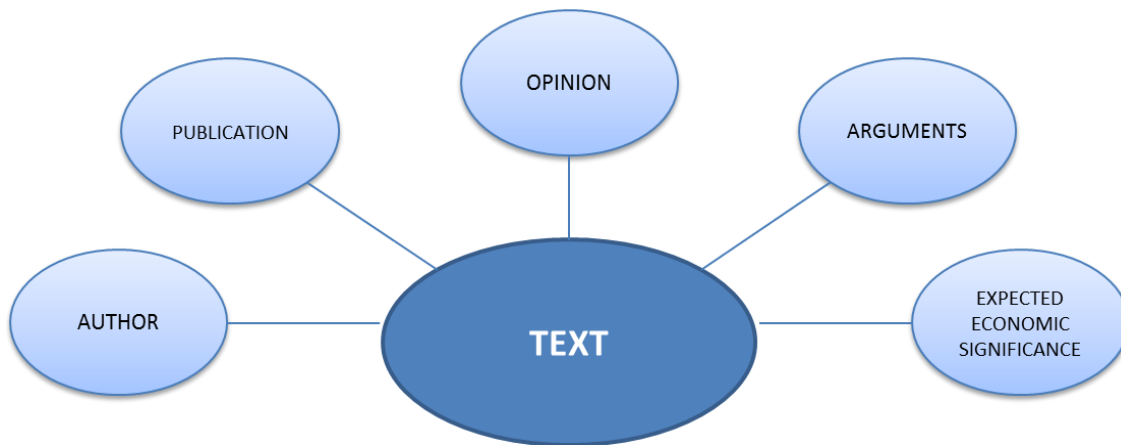


Figure 3 Basic framework of the text analysis

According to Alasuutari (1993, 22–23) qualitative research consists of first condensing the data by analysing it from valid perspectives, and then, of ‘solving the puzzle’ by using the analysed data. These phases are interconnected. While data is being analysed it can be condensed further by combining the discovered findings with each other and finding patterns and uniformities in the data. In this study, this is done by ‘interviewing the texts’ and looking for these uniformities from the theory base that sets the framework for the questions asked from the data. This way, as Alasuutari (1993, 23) suggests, rules and uniformities can be recognized and the data can be understood as a descriptive of the phenomenon from the desired perspective. By finding a quality, which arises from the data a deeper analysis can be attained. Berg and Lune 2012, 55) describe the process as reducing and transforming or coding the qualitative data to a more accessible and understandable.

As mentioned in chapter 4.1 there are numerous things that can be taken into consideration in the data chosen to qualitative analysis. However, it is also important to realise that not everything can be used in the purpose of the study. Furthermore, if every dot is analysed throughout the phenomenon itself can end up outside of focus. However, the data consists of series of clues, which help understand the phenomenon. (Alasuutari 1993, 26). In this thesis I am trying to understand values and political positions of the author participating in the public discussion regarding the TTIP. Furthermore, the aim is to draw connections between the arguments and the expected significance of the TTIP to determine the key issues in its implementation.

In this thesis the data and the authors, when relevant, are first condensed to find relevant characteristics for the research questions and, then, are being analysed by a framework of questions that links them to the theoretical framework. This is done in detail in chapters 5 and 6.

Qualitative research means the research on the presence or absence of a quality (Kirk & Miller 1986, 9). In this thesis, the qualities are categorised in order to create a more

systematic way to understand the discourse. In order to reach an understanding of the data and to make it more comparable and measurable, the set of topics introduced in Figure 3 are opened up further. The purpose of the questions is to find out the key concepts in the data to help answer the research questions more accurately.

- Who does the author represent?
- Where is the text published and what can be said about the trustworthiness of the source?
- Are they for- or against the TTIP?
- What aspects of trade theory are used to reason the optimism, or what issues are brought forward in the critical opinions? and;
- What is the anticipated significance of the TTIP according to the author or their source?

These are illustrated with examples raised from the data in Figure 4. The examples are further explained below and the data is touched upon in descriptive way. For instance, the authors of the data in this thesis are presented below. The publications and the critical issues in focus in this thesis are explained just briefly here. In the analysis part of this thesis, these themes are discussed further and the analysis reveals the more precise outlay of these questions. The most important aspects are discovered by studying the connections between the texts and arguments and the theoretical framework behind them.

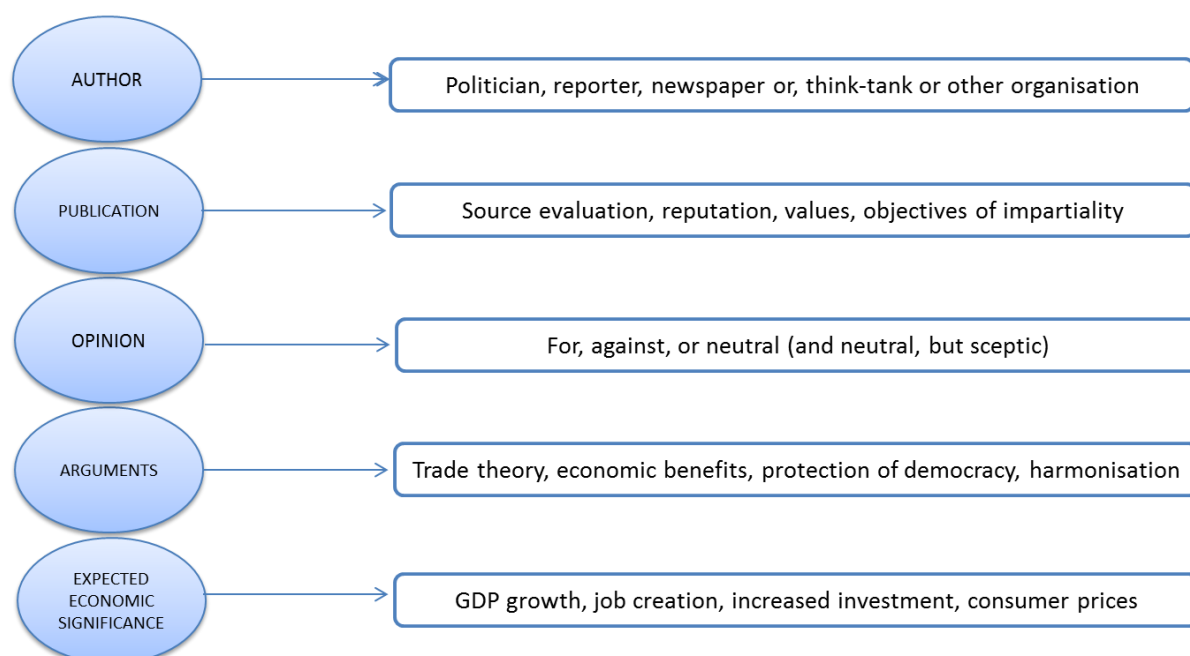


Figure 4 In-depth data analysis framework

Authors of the chosen articles, reports and comments were mainly EU or US politicians, mainly those personally taking part in the TTIP negotiations or, when not,

they were speaking as political elite. These included; Trade Commissioner Karel de Gucht from the European Commission, Kenneth Clarke from the British Parliament and Joe Biden, the Vice President of the United States. A second group of authors were representing organisations or foundation. These included the Bertelsmann Foundation, Corporate Europe observatory, Atlantic Council, Transnational institute, the Seattle to Brussels network and Friends of the Earth. Some of these operate as think-tanks to the European political decision makers as well. Furthermore, analysis by a working group set up by the EU and US for the purpose of finding out the economic significance of the deal, was included in the data. The rest of the data was analysis by newspaper reporters, editorials or columnists and responses to these. From academia, texts from two individuals were chosen into the data-analysis. These were from Emeritus professor Philip G. Garry and Paul Krugman. Krugman's article, however, touched more upon the Trans-Pacific Partnership of the US.

Some background information on publications (newspapers, newsmagazines, letters to those and research reports) were gathered and analysed for reputation, objectives or objective to be impartial. The chosen newspaper editorials and comments or letters published in them were of different opinions, and therefore, as well as due to the good reputation, they were not expected to have pre-defined policies towards the TTIP, or particular commitment to a certain political party or wing.

Opinions in the texts were easy to identify and only four texts were neutral (news coverage or more general in nature), two of which notably sceptic towards the TTIP. Arguments for the opinions were regarding the benefits and risks of the consequences of the TTIP. Those against it were also worried over protection of democracy, as well as individual parts of the agreement such as the investor-state dispute settlement. Regulatory issues and non-tariff barriers also received attention in both, for and against opinionated texts. Product and procedure harmonisation was seen as an important clause. Criticism was aimed at protectionism in agriculture, differing views on, for instance, regulations of genetically modified foods and drugs. The economic benefits varied from some percentage points to vast impacts on jobs and growth. In connection to the economic impacts it was agreed that the tariff cuts alone won't have a substantial impact on economy. General agreement existed on the global importance of the trade between the EU and the US.

## **4.5 Trustworthiness of the study**

The purpose of this study is to link the demographic factors and social (group) connections of the people participating in the public discussion regarding the TTIP with their expectations of the significance and outcome of the trade agreement. It is clear



that a study of this nature requires the construction of an entirety of the context the people are active in. Analysing data requires interpretation and which calls for objectivity.

Objectivity is essential in qualitative research, where data is not numerically measured as it is in quantitative analysis. Instead, as the analysis is based on interpretation rising from the chosen theory, the findings are a construction of a reality in the world of possible realities. In more exact natural sciences phenomena can be explained by terms of causality. Studying the cultural aspects of the world requires a different approach (Silverman 1993, 144). In social sciences, researchers are often looking at the inner choices of people, which cannot be causally explained. (Kirk & Miller 1986, 10) Instead the people themselves can be studied to find patterns of behaviour. It is probably impossible to conduct a discourse analysis being entirely objective. As the culture, norms and values and other features impact the discourse, they also have an impact on the researcher.

*Reliability* and *validity* of a research are concepts often linked with quantitative research methods. According to Kirk and Miller (1986, 19) they can be applied just as well to qualitative research. They describe reliability as the measurability of the findings. This is naturally more clearly in quantitative analysis also in qualitative research it is important to make sure that the analysis of the research arises from the data and can be justified. According to Silverman (1993, 165) reliability can be improved when the same data is analysed to similar conclusions by different researchers. This requires transparency and clear methods for analysis.

Validity, then, is understood as the success of the study, in other words whether if the answers rising from the data are correct. Kirk and Miller (1986, 21) recognise the problem of validity being the researchers' observations and interpretation of those. The researcher is a part of the formation of the results in the study. Therefore, the skills and competence of the researcher are in an important role in terms of the validity of qualitative study (Patton 1980, 12). It is also noteworthy, that what is traditionally understood with validity, indeed quantitative researchers have more means to use it as a measure and some researchers discard it as applicable for social sciences (Silverman 1993, 151–154). In other words, the results should be similar using a different measure or if another person conducted the same analysis with the given framework. Validity can depict the confidence in our conclusions but it does not imply something being a fact (Silverman 1993, 155). In this study this is ensured by using the questions introduced in chapter 4.4 and, furthermore, by analysing the texts with the frameworks presented in Figures 3 and 4. Especially the questions help the application of the discourse analysis to further texts and discussion on the topic.

## 4.6 Source evaluation

In this part of the thesis the sources used for gathering the data are analysed in detail. First, the newspapers, newsmagazines and other publications are introduced. Focus is on the general reliability, political orientation and style of the sections data is published in. Second, the EU think-tanks and units are explained to understand their reporting and the functioning of the EU decision making. Finally, the organisations and individual persons are presented and evaluated by similar criteria. For instance, the purpose of the organisations and the positioning of their values and goals, as well as the relevant background information of their representatives appearing in public are discussed.

The Economist is a newsmagazine focusing on offering analysis and opinion, as well as covering the political and business related main events globally weekly. The Economist is distributed in the same editorial form everywhere, with the exception of an extended version in Britain with British news coverage. The Leaders section provides the magazines take on current newsworthy issues in short. The Economist website also states that the paper wants to use plain language. (The Economist 2014a).

The Financial Times calls itself one of world's leading business news organisations. Commenting and analysis are high on its agenda and it is politically been supportive of free trade, globalisation and, for instance, the European Union. The FT main purpose is to *engage with the world of business* and analyse the events and issues in it. (Identity and communication guidelines 2012)

The Guardian is a globally respected newspaper with a comprehensive editorial code to direct its reporters on good journalism. It aims to protect the trust between the reader and the paper. The Guardian was chosen to be the newspaper of the year in 2011 and is respected worldwide (The Guardian 2011). Comment is free - section in the Guardian includes debate on topical issues. They notify the reader that they express a variety of voices and opinions, but the line of the newspaper is what they describe *progressive, liberal, and left-leaning*. (The Guardian 2014.)

In addition to the above global newspapers some other media were observed for this thesis. One of the articles was published by the respected German newsmagazine, *Der Spiegel*, which also publishes some of its articles in translated in English and provides a version of its website coverage in English. They opt for best quality journalism and the coverage is focuses on news reporting, especially on the English side. The German take on subjects is, however notable and part of the image of the publication. (Der Spiegel 2014)

As well as newspaper coverage, the analysis focused on other sources of information and reporting. The EU and the US were in the core of this study, and therefore, their official sites and publications were used as important sources of information. Moreover, both the EU and the US trade officials provide comprehensive information on trade

policies, and the TTIP. Furthermore the official press releases and information packages provided and updated by the EU and the US congress were used as sources in this thesis. The main bodies of the two negotiating partners are described below to connect them to the TTIP and the relevant sources chosen from their publications.

The Office of the United States Trade Representative (USTR) is a governmental agency responsible for coordinating international trade and trade negotiations of the U.S. It works in close connection with the U.S. Congress and provides them with briefings on related issues. (Mission 2014.) Under the operations of the USTR the TTIP has its own sites and the full information package explaining the deal. Official press releases and reports, speeches and other information in written form is published by the USTR. The USTR operates under the government and the President of the US.

From the European perspective the European Union is similarly represented by the European Commission. As the commission is the unit proposing legislation in the EU it has an important role in the decision making processes in European context. The EC is also the negotiator in the international context and therefore has responsibilities in the TTIP negotiations.

The European Union utilises independent research units and research centres to gather information on the political agendas they have. These are also called think tanks. Some of the most important research institutes used in this thesis are the Centre for Economic Policy Research (CEPR), Centre of European Reform (CER) and the Centre for European Policy Studies (CEPS).

The CEPR is an important institute for the TTIP as it has provided economic calculations and estimators for the EU regarding the economic, and other, impacts of the agreement when implemented. It aims to help to create economic policy in Europe on a global scale. It provides the information with the highest standard and distributes it to a wide range of operators from businesses to the political decision makers. It highlights to be an independent, non-profit organisation with no political agenda. (CEPR 2014a.)

The Centre for European Policy Studies is an influential think tank operating in the European Union. It provides research and policy suggestion to the EU, although announces to be entirely independent from outside influence. Their goals are, for instance, to provide a forum for discussion on European policy related issues and to build networks of academics, business researchers and policy makers and remain independent in their publications. (CEPS 2014.)

Furthermore there are institutions taking part in the public discussion regarding the TTIP and on the economic debate on the potential impacts. These do not necessarily have as much influence as the think tanks used by the EU but they are visible players in the discussion and research issues related to the global economy.

The Bertelsmann Stiftung (or Foundation (am) in an international context as used in this thesis) introduces itself as a “Centre of European Excellence”. It manages projects

such as the Global Economic Dynamics project (GED) introduced briefly in this thesis. It provides calculations in relation to the global economic development, including the TTIP. Their values include freedom of individuals and societies and international understanding between global economic powers such as the EU and the US. Providing practical policy recommendations is in the core of their agenda. (The Bertelsmann Foundation 2014.) They have provided economic models and advice to the European Union in several economic projects such as an analysis on the economic benefits of the TTIP. However, they reached almost ten times higher GDP growth figures compared to other studies, which makes it difficult for the EU to 'accept' (The global economy in 2030, 149).

BusinessEurope is the leading voice for businesses in Europe taking actively part in the EU-US and other negotiations as well. Their main agendas are growth and competitiveness at European level. In this thesis the BusinessEurope's views on the TTIP are introduced with the article of the president of the organisation, Emma Marcegaglia. Their Priorities include rising Europe from the economic crisis and to restore confidence to European competition and businesses. They have also stated important issues to be safeguarding the euro as currency, improving also public finances and raising the confidence towards new investment, growth as well as private consumption and investment.

The Atlantic Council and the American Chamber of Commerce to the European Union are further institutes participating in some of the reporting and analysis used as a part of the data for this thesis. The AmCham EU is especially representing the American businesses operating in Europe. Its members are from the private sector, and therefore it is not independent from their values as opposed to some of the research institutes (American Chamber of Commerce to the European Union 2014). The Atlantic Council says to be a council of analysts, researchers and policy practitioners. They have worked in cooperation with the Bertelsmann Foundation in their economic analysis.

From the organisational spectrum there were also further institutes involved in this study informing their opinions towards the TTIP and the possible outcomes and consequences of the trade agreement. Especially critical towards the TTIP were organisations generally critical towards the MNC's operations.

The Corporate Europe Observatory is a charitable organization. It has a slogan *Exposing the power of corporate lobbying in the EU*. They explain in their website their willingness to reveal corporate influence on decision making in the EU. Their values include the environment and the economy and their aim is to diminish corporate power in European politics. The website is provocative and the goals of the observatory are a clearly ideological, which is not hidden from the reader. The expressed values of the organisation are against neo-liberalism and claim to promote democracy with this. The research value of this source, however, is in the questions they raise although

professionalism must be questioned. The TTIP is a popular topic on their articles and an interesting source of criticism in Europe. In cooperation with the CEO operated also the TNI, the transnational institute. It includes scholar activists and calls itself as radical group with the agendas of democracy and justice as well as sustainable values (TNI 2014).

Friends of the Earth Europe –organisation was represented in this thesis by their director, Magda Stoczkiewicz with her article in the Financial Times. The charity works towards environmental issues such as climate change, environmental justice and green economy. (Friends of the Earth)

In general it is difficult to make conclusions on the reliability of the different institutes, organisations and research centres. Information seems accurate and people appear with their own name and title, and so on. Some of the most visible differences on the websites are, for instance, in the colouring and style of the websites. For instance Friends of the Earth uses more photographs with people and children and nature to create the visual impacts of their website. Green colour is important. Think tanks and business organisations have more information generally laid on their websites and less pictures. Charities often openly ask for donations or request volunteers to join, but the organisations talk more about members or partners. In general these, such as the AmCham, represent businesses, not individuals.

## **5 THE DISCOURSE ON THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP**

The analysis part of this study is divided into two differing sections based on the type of documents chosen to analyse in this study. The first part in chapter 5 identifies the supporters and critics of the TTIP and introduces the values and political positioning of the authors or the unit they represent. Here the CDA method is applied in order to identify these value positions. Furthermore, discourse analysis method is used to analyse the effect of the texts and the context and intertextualities. In this way a comprehensive image of the discourse can be identified.

The second part of the analysis is done in chapter 6. Here the contents of the data, and the arguments presented for and against the TTIP are investigated. Furthermore each of the issues rising from the public discourse is more thoroughly introduced, and the discussion on each topic is analysed. Finally, reporting on the benefits is presented in chapter 6.2. For this, two economic analyses from European think tanks were chosen. These are evaluated by their results and reliability, and then, linked to the public discussion to see how they are connected and if similar issues rise in the reports as in the discourse. The aim of this part of the study is to connect the issues brought up in the discussion with the official publications and estimates of the economic impacts of the TTIP. In this way, the intuitive arguments for or against the TTIP can be connected to the figures supported by the EU and the US.

### **5.1 Observations of the public discussion on the TTIP**

The TTIP has received a relatively large amount of attention in the media in the past year. The public discussion on the TTIP has been impacted by other global issues related to the foreign policy of the US or the EU. For instance, the intelligence crimes committed by the computer specialist Edward Snowden towards the US National Security Agency NSA in 2013. By releasing classified NSA documents to the media, Mr Snowden drew a great deal of attention towards the national security issues and trust between the two global leaders. (The Guardian 2014b). Furthermore, the tensions impacting especially the US foreign policy have hindered the negotiations. Conflicts, for instance, in Libya and Syria have taken, especially, American attention out of trade negotiations. (The Guardian 2014c; 2014d.)

With the limitations of time and resources in this study considered, many of these undoubtedly interesting and impacting issues were left beyond the scope of the data collection process. The focus of this thesis was kept within articles for- or against the TTIP itself and the ones raising issues regarding trade between the EU and the US.

Furthermore, the values, norms, position and resources of the authors are of interest. In this thesis, most attention was given to the organisations they represent and their political orientation or other values connected to the authors. Moreover, the dialogue within the public discourse was analysed to discover any intertextualities between the texts participating in the discussion. Finally, some attention was given to the anticipated economic impacts of the TTIP to the two economies, after the implementation of the trade deal. For this, especially the data of the European Commission and some of the most influential think tanks was analysed. Therefore, the following five questions were chosen to use in the analysis. These are reorganised and opened up further from the initial introduction of these questions in chapter 4.4. as a result of the theoretical discussion and the understanding of the general nature of the data and the discussion *per se*.

- Who is the author and who they represent (also, whose opinions are impressed or discussed)
- Are they for- or against the TTIP and why?
- *What are the main topics and issues raised with the TTIP,*
- *What political/other values are brought forward* in the reasoning of the opinion, and,
- What is the anticipated significance of the TTIP according to the author or their chosen reference?

The public debate regarding the TTIP is divided into two approaches. First, there are the publications of public and private economic institutions providing estimates of the economic impacts of the deal (including those used by the EU and the US for this specific purpose or which exist in order to create economic analysis for the European Commission or US Congress). These are evaluated in this study to provide an understanding of the figures and expected significance announced by the EU and which is also referred to in some of the data. Second, then, is the discussion in the public media by reporters, independent columnists and politicians.

In the public discussion economic experts, reporters of financial and political issues and, also, political leaders have participated in the dialog on the benefits and risks of the TTIP. The dialogue is, naturally, somewhat different in nature to the official publications although these are referred to in some occasions. Perhaps unsurprisingly, there is a clear dichotomy into the ‘for or against’ opinions. Most of the commentary is completely discarding the arguments for differing opinions. The only exceptions to this in the analysed data are the cases that are more reporting on the subject, rather than commenting on the risks and benefits of the TTIP. Most of the chosen data are opinionated and published, for instance, in the ‘letters’, ‘comments’ or ‘debate’ - sections of the newspapers.

Overall, it can be stated that the political authors representing the TTIP negotiations are writing less aggressively than those opposing the free trade agreement. Furthermore, American authors writing for the American public are more appealing to sentiment than hard facts, although same or similar arguments for the TTIP were presented in texts from European and American sources. Articles written in a more newsworthy manner are more subtle in tone and provocation, if those elements exist at all. Many authors, either for- or against the TTIP, are questioning the deal or taking at least some issues up to discussion. The entire body of data suggests that the trade negotiations will not be easy and that a comprehensive deal is difficult to reach due to the problems presented in this thesis. Furthermore, the actual timetable for reaching the agreement is difficult to estimate. Already, global issues have impacted the negotiations more than expected.

To some extent, the nature of the public discussion has been extremely provocative, finger-pointing, and contemptuous. From the supporting side, there have been direct responses to individual articles including phrases chosen to make the other side appear to have been completely in the wrong before getting to the arguments. A British minister, Kenneth Clarke, called a columnist opposing the TTIP (also vigorously) *Scrooge-like*, an ungenerous character for not wanting the trade deal to succeed (Clarke 2013). In a similar way the critics have provocatively accused the TTIP of violating no less than human rights, democracy and environmental issues when implemented. Calling the TTIP a *full frontal assault on democracy* is heading of one of the data articles.

Use of words, insulting and ridiculing opponents can be powerful tools in a debate. Getting a point across can seem easier in this way. Also it is a way of creating an image of the opponent's lack of resources (such as knowledge or understanding of the case) for the reader. With a strongly expressed opinion and responding with strong value assumptions it is possible to draw a complete image to the reader of the other author. From the critics' side, although their aim is to defend their prime value related goals, the reasoning for the aggressive approach could mainly be to gain attention in the media and the Internet and raise awareness of the risks of the TTIP in general.

Text in the data as referred to previously and discussed more in the forthcoming chapters, varies from the provocative style to a more formal and neutral news reporting although, to some extent, the news publications' language can be more descriptive. Publications follow the norms of news, articles, columns or reports to an appropriate manner, but are not compatible to scientific texts, although well written. As the texts are aimed mostly to the general public they are reader-friendly, even more so those by columnists or writers of letters. Editorials and letters are often shorter and more informative whereas the length of articles varies and some of the reports are extensive.

In this part of the thesis the authors are analysed based on the theoretical concepts introduced previously in this thesis. The emphasis is on the identifying of the political



positioning and values of the authors. This is done to understand the social relations appearing in the public discussion between the powerful elite of politics, organisations or businesses and, furthermore on individual authors participating in the discourse. The theoretical concepts impacting the authors' opinion and tone are shown in Figure 5.

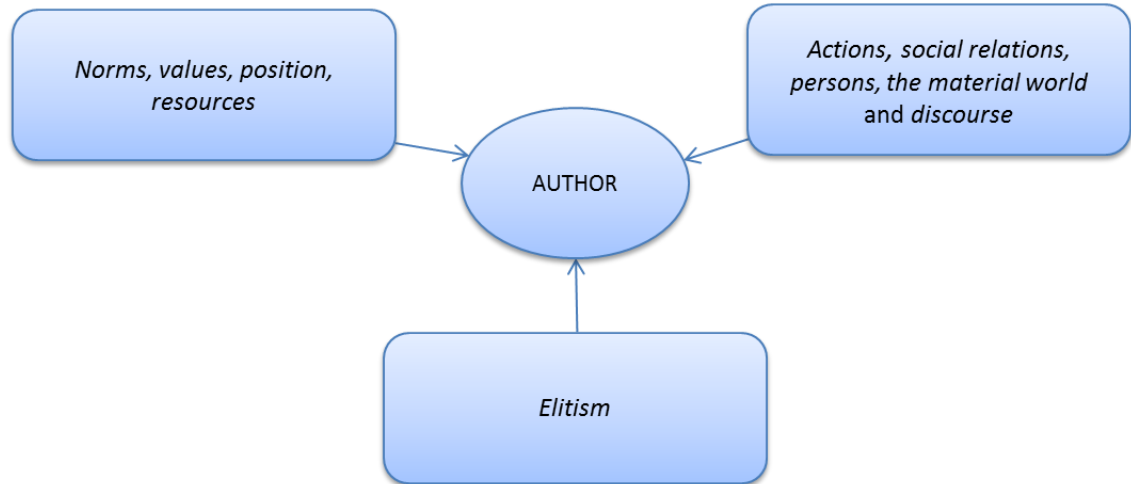


Figure 5 Author analysis framework (Adapted from van Dijk 1995 & Fairclough 1993).

The reasons behind the opinions are individual. Van Dijk (1995) suggests, they can be the result of a number of factors such as background (norms and values), political position or position in a company or organization (position) and, furthermore, education and knowledge (resources). Elitism can be interpreted as the use of power and possession of resources. Actions, social relations, persons and the material world are varying aspects visible in the text which can be used to understand the arguments, use of words and intertextualities between the texts. These become even more valuable tools of analysis when dialogue exists between the articles.

The authors' backgrounds are not analysed any further than is readily available and, therefore, the emphasis is on their position on the political or public stages. Next, the basic analysis is conducted with the help of the division into support and criticism towards the TTIP. The articles are analysed based on the political and social of the publications and the authors themselves. The basic framework introduced in Figure 3 is the basis for the initial analysis. More in depth-analyses is derived from the methodological theories and thoughts of van Dijk 1995 and Silverman 2003. The questions and issues rising from the data are analysed and divided into four themes based on the frequent appearance in the chosen texts. Due to the relatively small amount of data, the themes were not only chosen by appearance in the public discourse, but if they were raised as potential threats by the EU or the US Congress as well. The following four themes were raising most opposition and concern in the data: *Investor-*

*State dispute settlement, transparency issues, regulatory issues and protectionism.* The discourse on each theme is analysed in individual subchapters under chapter 6.1.

## 5.2 Supporters of the TTIP

The European Commission and the US Congress (Senate and the House of representatives) are supporting the TTIP in their public reporting and it is on both of their political agendas. According to the European Commission information package, a trade deal has been in the discussion for a long time and has now matured to actual negotiations. Hence, the negotiations were launched in July 2013 in the first place and were planned in working groups of government experts long before then. (European Commission 2013c.)

In addition to the EU and the US TTIP related websites, 14 documents in the total data were clearly understood as speaking for the TTIP. These include the comments of politicians as well as reporters. Further support has been expressed by the think-tanks used by the governments. These defined in chapter 3.2.2. Numerous think tanks exist both in the EU and the US with different interests and methods of operation towards those interests. The EU has used a research institution of whose analysis it uses as the grounds for the trade negotiations and the expected economic significance of the deal. These expectations and the response to these in the media are discussed in more detail in chapter 6.2.

As long as the TTIP has been on the agenda of the EU and the US cooperation, there has been a mutual agreement that benefits exist for both economies. This line of thinking has also been supported in the press. The *leaders* -section in The Economist and the *editorial* in The Financial Times (FT) have written on the trade negotiations in an optimistic way during negotiation process. The Economist touched the subject already in early 2013 writing on the TTIP with words *More jobs, more investment, more growth* in its descriptively titled article *Come on, TTIP* (16.2.2013). Later on, The Economist (22.2.2014) made a further notion that the world will in their opinion 'lose' if the deal would not happen. The FT (16.2.2014) writes on the importance of the acceleration of the negotiations in order to secure the benefits of the deal. An overlook of the data shows that some of the supporters bring problems forward as well. In their opinion problems are related to the above issues, such as prolonging the negotiations and leaving important sections out of the final trade deal. Therefore, the supporters also express criticism. However, in this thesis by criticism I mean the value related opposing of the implementation of the TTIP for differing reasons.

As discussed previously, the support towards the TTIP is the assumption from the trade theory point of view and a commonly supported agenda in both economies, as the

trade policies of the US and the EU suggest. In this part of the thesis the supporting arguments are introduced and the tone of the supportive comments and texts are analysed. I begin with the general information provided by the EU and the US in their information packages online and continue to the analyses of the general discourse with a positive tone towards the TTIP. The listing of texts and authors supporting the TTIP are presented for further review in Appendix 1.

### ***5.2.1 European Commission and the US congress publications***

The US government as well as the EU decision making units are eager to make the deal, and have been pursuing negotiations actively. This is apparent from the overall description of TTIP negotiations published in the EU website and the US congress website. Both have set up information pages with sections such as *Questions and Answers* covering the most typical topics. Both the negotiating partners, with the official information sites and the voices of the spokesmen or -women intend to promote the overall understanding of the deal and the positive outcomes of the trade agreement. Especially the EU information package provides information and facts in clear sections such as ‘What is the Transatlantic Trade and Investment partnership’, ‘Quick facts on TTIP’ and, ‘How Europe can benefit from TTIP’ all on one page (European Commission 2014). The US trade representative website is less informative at first glance, but in fact, provides many aspects to the TTIP with a closer look. For instance, several links to blog writings and events are given on the main page.

The general tone is, as discussed above, positive and even persuasive to get the reader to support the trade agreement. The US trade representative expresses in the opening page of the official site for the TTIP that the deal will be one that *offers significant benefits in terms of promoting U.S. international competitiveness, jobs and growth, and, will aim to boost economic growth in the United States and the EU* (Transatlantic trade and investment partnership 2014). The EU website offers similar information, but in less strong manner. It mentions in the *TTIP in focus* site of the EC, that the trade agreement *is designed to drive growth and create jobs*. (European Commission 2014).

Perhaps trivial issues, but using words such as ‘designed to’ and ‘could boost’ are not promises of specific results but, instead, attempts to create positive constructions of the TTIP to the reader. The confidence and, to some extent, excitement coming across could lead to the conclusion that no further analysis is required, and that the TTIP will be a success which increases the economic growth of the two partnering economies and the people living in the economic areas, either in the US and the EU. Benefits are most

often expressed on the macro level as the increasing of trade volumes, the GDP and creation of jobs.

Both sides have set up working groups and teams to work on the different aspects of the TTIP and the efforts have been quite substantial. These are not directly expressed on the websites, but the links and articles on them reveal the extent of the background work on the TTIP negotiations. The U.S. Mission to the European Union is an example of an inter-government organisation in the US working towards the TTIP. Outside organisations exist as well, usually with a clear focus group and an aim to lobby towards the decision makers in order to secure the important points for individual preferences. The American Chamber of Commerce to the European Union, for instance, represents American companies in trading in Europe in general. It represents some of the worlds' largest and most influential businesses based in America, such as GE, SAS, Time Warner, Coca Cola and many more (American Chamber of Commerce to the European Union 2014).

As well as the overall information provided by the EU and the US, individual politicians have acquired political roles closely related to the TTIP and are therefore have expressed their views more regularly in the discourse. On behalf of the European Union a strong voice appears to be Karel de Gucht, a Belgian EU politician who currently works as the Commissioner for trade in the European Commission. He has written an attacking response to heavy criticism of the secrecy of the TTIP negotiations by George Monbiot, a columnist in *The Guardian*, defending the deal and its economic significance. He argued that the negotiations are fully open to scrutiny and that the deal should *focus on the facts*. (De Gucht 2013). De Gucht's spokesman, John Glancy, participated in the TTIP defending discussion in the Letters section of *The Financial Times: The TTIP will not put democracy at risk*. (16.2.2014). De Gucht's words were also criticised, for instance, by the CEO (CEO 2014b).

On a similar position in the US, the Trade representative Michael Froman has appeared in the analysed data, although he has been quoted rather than written himself to newspapers or other publications. Furthermore, the Vice President of the United States, Joe Biden, has written in *The Financial Times* to express his opinion on the importance of the TTIP in the American perspective. He highlighted the importance of exports to America, when out of 'worlds' customers' 95 % are abroad for them. He uses more emotional approach to the American readers, which differs from the European based authors' choices: *America should seize the chance to spread our values and benefit our people*. Also, he speaks on behalf of the President of the US, Barack Obama, and their democratic party.

*Americans are understandably worried about rising inequality at home. The president and I are determined to address this. So the deals we are*

*negotiating are different from those our country has signed before, reflecting the lessons of the two decades of globalisation.*

(Joe Biden, Vice President of the US, 27.2.2014, The Financial Times)

It is also noteworthy, that in his article for TTIP, Biden uses security issues as a reason to make a trade deal with the EU. He mentions the European allies as *security partners of first resort*. Furthermore, US strength as a global leader is mentioned by him.

With regards to the writings of the US point of view, such as Joe Biden, James Politi, and, the pseudonym, R.A. these almost without exceptions include talks on the TPP, Trans-Pacific Partnership, a further bilateral trade agreement currently negotiated by the US with 11 countries: Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam (Outlines of the TPP 2014).

### **5.2.2 Think tanks of the European Union**

Behind the European Union, as well as the US congress, operates multiple working groups and independent policy or research institutions, also known as think-tanks. Commonly their task is to provide policy suggestions and conduct independent research. Their definitions can vary due to their position in the academia, advocacy, or politics and the contracts which they follow. Think tanks are defined in chapter 3.2.2 as a part of the EU (and US) decision making process.

The EC's official evaluation and published figures of the expected economic significance of the TTIP is based on a final report of a chosen think thank organisation, the CEPR. They have used a computable general equilibrium (CGE) model which takes the global trade dynamics, scale economies, imperfect competition, linkages between sectors and capital stocks and investment impacts into consideration. Therefore, it is a comprehensive multi-region, multi-sector global CGE model. The usage is possible in implementing tariff reductions, export tax and subsidy reduction, trade quota expansion, input and output subsidies and reductions international shipping and logistics services. The model is explained in detail in the publication of the CEPR *Reducing transatlantic barriers to trade and Investment: An economic assessment* (2013).

The CEPR study accounts for two scenarios of the TTIP agreement: One where free trade is *ambitious* and another scenario with limitations to free trade. (CEPR 2013, 45) In a similar way, a research conducted by two think-tanks, the Bertelsmann Foundation and the Atlantic Council (2013) derived three possible outcomes of the final TTIP agreement from the survey they sent to academia, business, governments, media and legislatures. The survey gathered information on the expected outcomes of the negotiations, and although according to the survey of 120 responds (out of 400

originally sent out), 88 % were in the opinion that the EU and the US would be able to come to an agreement regarding the TTIP many were sceptic on the scope of the agreement. 55 % of recipients in that study thought that a moderate agreement was more likely with 37 % having faith in a broad agreement. 8 % of recipients said little or no agreement would be reached on the TTIP topics. (Bertelsmann Foundation & Atlantic Council 2013, 1–2)

From the economic policy point of view, the main focus in this study is in the EU view on the anticipated economic benefits of TTIP. For this, the sources the union uses in its research and validating its economic expectations and opinion on what the final TTIP agreement should be like. There are several interest groups, therefore participating in the discussion. Think tanks and lobbyists work as allies with the government officials to support their own goals (Baumbgartner 2007, 483). According to Baumgartner (2007, 484) as well as political governance differs in the EU and the US, also the operations of interest groups function differently. According to Baumgartner (2007; 485), anyone trying to promote their own objective in order to direct public policy, can be seen as a representing an interest group as an *advocate* not necessarily as lobbyists. Main objectives of these groups however, is to influence policy outcomes for the use of their own causes (Dür 2008, 1212).

### **5.2.3 Values and political orientation behind the supporters**

Economic benefits of free trade and the social benefits gained as a result of the economic growth are values behind the support for the TTIP. The European Union and the US government support market capitalist values in their economic policy. Making businesses grow is at the core of this policy. Political orientation is a complex question, which often needs to be looked at an individual level. The political system in the US, with two major parties in Congress (The Republican Party and the Democratic Party), is different to that currently in place in Europe. In the US the Democrats are traditionally seen as somewhat more liberal party with other ambitions to business as well. The Republican Party, on the other hand, is often connected with the business world and harder values, seemingly more conservative. However, without deeper understanding of the political spectrum in the US these are mere assumptions that can be derived from general knowledge. With regards to publicly supporting the TTIP the Congress is united, although individual opinions are not discussed here.

In the European Union, the political field is distributed in more Parties varying in their values from left to right. Although it is common that the strongest Parties on national levels are somewhat in the centre of the left-right politics, the recent economic crises and downturns in Europe has stirred political activity as well. The populist

political movements have earned some attention also in terms of the TTIP negotiations, mainly on the supporting side. The far right politics of the populists promotes national sovereignty, independence from outside influences and in some extremes even self-sufficiency. Their protectionist values are against the current trade ambitions of the EU and the May elections of the Members of the European Parliament could impact the outcome of the negotiations if power dynamics were changed.

The political values of the EU and the US reflect those explained by the market economy and the welfare benefits connected with economic growth. The initial analysis shows that promoting free and extensive trade is seen as core value in the two economic areas. Both of the negotiating partners and their representatives also highlight the welfare and benefits of the people from their perspective. This is of course possible, because both the EU and the US perceive to gain from the partnership. The differing impacts are related to the different size of the economies and the industries most impacted by the TTIP, which are hard to predict. The conclusion from the excited discussion on the economic gains of the TTIP could be that getting the people to support political decision making is important to the political advocates currently working on the TTIP in the European Commission and the US Congress or in the office of the US trade representative.

The relevant think tank organisations and lobbyist groups have shown to be active behind the official representation of the TTIP negotiations, and their values are often business-related. The representation of MNC's in various interest groups participating in the TTIP negotiations shows the important linkages between the business and the political elite. Although analysis of individual people from businesses or think tank organisations is not included in this research, potentially many important personal linkages exist between the private and the public sectors that further influence the decision making processes with their values.

### **5.3 Critics of the TTIP**

Overall, 7 extremely critical articles were evident in the final data discussing the issues relevant in the theory perspective and which participated in the dialogue in the public discourse. Further data was, however, somewhat critical or raising concerns over some of the themes brought up in this thesis. It is noteworthy, that from the clear opponents of the TTIP, several other links for sources of data could have been found for analysis, but this was not desirable in terms of the objectiveness of the study. Potential risks in the implementation of the TTIP are raised in the analysed data and discussed throughout this thesis.

The theoretical part of a PTA (see chapter 2.2) provides the key definitions related to the themes raised by the critics. Issues rising from the public discussion are the Investor-state dispute settlements (ISDS), lack of transparency, threats on democracy, environmental issues and regulatory differences, and protectionism (NTB's) between the two economic areas. Not surprisingly, the risks are mainly raised by those against the TTIP in general. However, the EU has not let these issues go unnoticed and has discussed them, and other problems, as *difficulties* in their information packages and presentations (European Commission 2013c; Key Policy areas 2013; Transparency Portal 2013).

The US and the EU are both in the centre of the world trading system and leaders in applying the market economy and its attributes to their trade policy. The currently politically strongest parties and the historic development of the world economy have led to a strong position of the market economy and its superiority over other attempts to organise trade. The chosen market structures and potential and achieved gains of a freer trade environment have encouraged the political development further. But despite the support of the TTIP in the political elite, the government in the US or the political decision making units in the EU do not represent the entire population. This is naturally a trigger for those with differing values and the opponents of the capitalist market economy. However, the representatives of the European Parliament and the US Congress are chosen through elections, and therefore should represent the majority opinion of the member countries. As an example of political instability, some concerns were raised in the analysed data regarding the elections in the EU in May 2014. Populist parties (often against globalisation and for protectionism) have grown in popularity since the beginning of the financial crisis in Europe. This could also impact the TTIP negotiations if the political dynamics shift in the elections.

Criticism towards the TTIP has risen from the organisations and activists disapproving some, or several, potential impacts or 'side effects' of the trade agreement. Criticism from the political parties is virtually minimal, especially in the sources used for the data collection. However, as the data analysis shows, some worry over rising populism, especially in European countries could change the *status quo*. Next, the data criticising the TTIP is introduced per the authors or organisations expressing their opinion and their values are discussed. Then, this thesis moves on to the issues brought up in the discussion, especially by these critics.

### **5.3.1 Organisations**

Most of the critics were organisations and the authors were not necessarily appearing with their own name, or the articles were created in cooperation of several authors



representing the view of the organisation. From the individual characters writing critically on the TTIP two were chosen for the data analysis. George Monbiot is a British author and columnist of The Guardian. He writes on topics of personal interest and has called himself a political activist, who describes his political agenda to be, for instance, fighting undemocratic power and deception of the public (Monbiot 2014). Two of his writings in The Guardian were chosen to the data analysis and they were provocative in style to say the least. (Monbiot 2013a; 2013b.)

Representing an organisation, Magda Stoczkiewicz, director of the Friends of the Earth Europe wrote to agree with the concerns being raised in the public discussion. She discusses the potential benefits of the TTIP as well, for instance in regulatory alignment but raises concern over things such as food safety, secrecy and the ISDS. She refers to the estimates published by the EC on the economic significance and estimated that *the economic benefits are potentially small whereas risks to society and the environment are potentially significant* (Stoczkiewicz 2014). Furthermore, representing the EU TTIP advisory group of experts, Dings and de Pous (2014) raise concerns over democracy and public interests. They also criticise the public discussion itself where criticism is not received appropriately. Their approach in the *Letters* section in The Financial times is direct and somewhat little appreciating the treatment critics have faced. They comment on the Editorial in the Financial Times and write sharply how, in their opinion, it is *lazy* of The FT to use terms such as *antitrade campaigner* in reference to those expressing criticism (No time to waste on transatlantic trade 17.2.2014). Dings and de Pous conclude their letter with the powerful notation: *Elected governments should be able to protect their people and the environment, even if that occasionally upsets certain parts of business. That is not antitrade. It is common sense.* The issues related to trade and the economic impacts of the TTIP presented here are further discussed in chapter 6.

Three documents or articles against the TTIP were chosen from The Corporate Europe observatory (CEO), an active research and campaign group working to expose lobbying in the EU. Their mission includes addressing global problems such as poverty and social injustice. Their own publications included an article on their website criticising the European Commission for giving way to corporate rights. According to the article, the rising opposition in Europe has forced the Commission to take steps back but highlighted that it could be only a ‘trick’ to secure the corporate agenda on the TTIP. The CEO criticises especially the EU use of ‘stakeholders’ in their decision making processes, by which they refer to interests groups and especially corporate lobbyists.

Another document by the CEO used in the data was published in cooperation with the Seattle to Business network and the Transnational Institute and named *A transatlantic corporate bill of rights* touched especially upon the ISDS issues (CEO, Seattle to Business network & TI 2014.) Their approach to the engaging in the public

discussion was attacking the TTIP verbally which is evident from the naming of the provocative document. It bites into the detailed wordings of the TTIP revealing loop holes in the EU ‘trade speak’, which are aimed to the corporations’ benefit. The authors of the document have put efforts into translating of the TTIP jargon into layman’s terms explaining that the *devil is in the detail*. (CEO, Seattle to Business network & TI 2014, 8–9.)

### 5.3.2 *Other*

Supporters of the TTIP have also expressed their understanding of the concerns raised by critics. The criticised topics are discussed in detail in the following sub-chapters and the responses and pleadings of supporters are discussed separately for each individual topic at the end of each chapter. A further noteworthy view to the rising criticism towards the TTIP (and trade negotiations in general) was made by the senior editor of The Weekly standard, in his article *Popular sentiment is hardening against free trade* in The Financial Times 28.2.2014. He denotes that before, when less information was available, accordingly, less criticism existed in government led initiatives.

Michaela Schiessl (2014) wrote that the problems from regulatory issues to the ISDS have all come to stay and even the stepping up of the government representatives, such as Karel de Gucht in the EU meeting journalists and organisations to discuss the issues and ensuring the European legislation will stay strong, will not save the situation. The reason for this, according to Schiessl, is that people no longer believe the explanations.

Continuing on the theme of corporate rights over governments is Professor Emeritus of politics and global affairs, Philip Gerny. He describes himself in the *Letters* of Financial Times (13 February 2014) as being in favour of free trade, but expresses his worry over the expansion of private power. He also points out other issues, such as protectionism, but seems to be clear on the main issue in the TTIP and that it could mainly undermine health and environmental regulations and labour standards.

Although, in the data collected for this thesis, critical articles or reports were fewer in number, it is not a reflection of the real division of for or against thinkers, or the relative number of supporting or criticising articles appearing in the media.

### 5.3.3 *Values and political orientation behind the criticism*

Critics of the TTIP in the data in this thesis were mostly representatives of organisations, and, therefore represent the values of those organisations, although these were undoubtedly their personal values as well. As in the case of the supporters, the

general values behind the arguments were not difficult to identify. The organisations commonly stated their values to be focused on humanitarian and democratic issues, which are, according to them, compromised in the TTIP. Environmental values also appear strongly in the data (Monbiot 2013a; 2013b; Stoczkiewicz 2014).

The values of the capitalist market economy are not disputed as such, but its downsides in the society and distortion of the economic prosperity it may bring are in the core of the critics' values behind the arguments. Political orientation of organisations or individuals is not clearly identified as it is in the political comments. Most of the organisations providing criticism are independent from governments and political parties. However, some insight to locating in the political field can be drawn out from the values of the organisations, institutions or groups. Especially review of the sources connected to the authors can explain the political positioning further. Mr Monbiot's decision (or opportunity) to write in *The Guardian* could rise from the political positioning slightly more to the left of the newspaper itself.

As can be evident from these, and, on the other hand, trade and economic growth related arguments, the left-right dichotomy in the political sphere is topical here as well. However, more emphasis seems to be on the values of democracy, environment, human rights, and equality than on criticising trade or political values itself. However, corporate values are most vividly criticised. It is evident, for instance, from the article from Dings and de Pous (2014), and the articles published by the CEO, that the increasing corporate power is a fact not appreciated by some of the critics. The increasing corporate power is said to lead to the potentially diminishing power of governments, which could threaten the traditional values of democracy.

As discussed by Johnston (2013, 575) the political and economic elite could benefit from the raised criticism and the analysis of the values behind the arguments. He found that, for instance, with individuals preferring protectionism, need for security was a strong value. These type of traditional values, as are most of the other values connected to the criticism towards TTIP, are difficult to shift. Understanding the values behind trade preferences can help politicians to define their strategies and reach desired goals. (Johnston 2013, 574–575.)

## **6 RESULTS OF THE DISCOURSE ANALYSIS OF THE PUBLIC DISCUSSION ON THE TTIP**

From the initial analysis and discussion in chapter 5 the for- and-against dichotomy raises to be the first theme of public discussion on the TTIP. Further themes touched upon by both sides are the issues hindering a successful trade agreement. To some this should be comprehensive, and compromises are not tolerated and to others, this means first steps towards freer trade between the EU and the US. These themes were the investor-state dispute settlement, transparency issues in the negotiations, the regulatory harmonisation and protectionism issues such as non-tariff barriers. The final result on these issues in the trade negotiations will determine the outlines of the TTIP agreement. The public discussion has shown that the questions require being answered by the political leaders pushing the trade deal.

### **6.1 Problems raised in the discussion**

The discourse analysis of the public discussion on the TTIP aims to find the issues in the data relevant to the negotiations and particularly those raising criticism towards it. The aim is not to determine who is right or wrong but to describe the discourse and conclude the key problems in the TTIP and how those are argued for or against. Further note to the discourse analysis in thesis is that although it is critical in terms of evaluating social and political context, (van Dijk 1995, 352) and other intertextualities, as well as social practices and actions (Fairclough 2003, 21–28) it is not evaluating the arguments thoroughly based on their factuality or research conducted by the authors. Issues chosen from the data were also notified by the EU, and, therefore, selected as important to the TTIP negotiations.

Below are listed the key problems rising in the data and acknowledged by the European Union as being problematic. Further issues appeared in the data as well and many of them, like the ones listed below, are interlinked with one another. For instance, finance and investment related issues in the TTIP would deserve more attention in this thesis. They are also closely connected to regulations, where the financial world is not specifically identified as it was not discussed in great detail, if at all, in the data. Moreover, in relation to protectionist issues, many individual cases, such as data protection issues in France or the closer analysis of the Genetically Modified products would have given greater insight to the variation in the regulatory processes and standards between the EU and the US. As discussed previously the problems presented here are results of the data analysis and the list is not by any means all-encompassing.

### 6.1.1 *Investor-State dispute settlement*

Most resistance is received by the so called Investor-state dispute settlement (ISDS), which itself is said in the data to insult democracy (Monbiot 2013a; 2013b; CEO & Seattle to Brussels network 2014; CEO 2014a; CEO 2014b; Dings & De Pous 2014; Stoczkiewicz 2014). The ISDS basic concept is to provide the institutional framework to resolve legislative disputes between investors (corporations) and member countries. (EPRS 2014, 1; World Bank 2014). It enables the businesses to raise claims towards governments directly protecting the foreign investors' rights in the foreign country. According to the EU it supports ISDS arbitration in general but understands its need to reform (EPRS 2014, 1). The worries the arbitrations between foreign investors and host states are related to, for instance, public health and environmental protection laws. When the ISDS is in place in an FTA, MNC's can use the ISDS to challenge these laws if they hinder their access to profits (EPRS 2014, 2).

According to the critics it shifts power from government to multinational corporations. In the Transatlantic corporate bill of rights published by the Corporate Europe observatory; Seattle to Brussels network and the Transnational Institute (2013) the consequences to the inclusion of the ISDS clause will *empower EU and US based corporations to engage in litigious wars of attrition to limit the power of governments on both sides of the Atlantic*. From a financial perspective governments are not equipped for such 'wars of attrition'. In another publication the CEO required the removal of the entire ISDS from the TTIP (CEO 2014a).

The issue of ISDS has raised more concern and, to some extent emotions in the public discussion.

*The remarkable ability it (ISDS) would grant big business to sue the living daylights out of governments which try to defend their citizens. It would allow secretive panel of corporate lawyers to overrule the will of parliament and destroy our legal protections.*

(George Monbiot (20103a) in The Guardian 4.11.2013)

For instance, example raised in the analysed data were Phillip Morris' lawsuit against Australian government requirement on the plain packaging of cigarettes, where the company was awarded compensation for loss of 'intellectual property' and market share (Monbiot 2013a; CEO, Seattle to Brussels network & TI 2014, 2).

Clearly concerned about the ISDS' reception in the public discussion, already in early stages of the TTIP negotiations, the EC published an information package directed to the critics of the topic. The document, *Incorrect claims about investor state dispute settlement* (3.10.2013) clears out many of the claimed impacts of the ISDS in the TTIP. (Transparency portal 2013.) However, the opposition remains strong towards the ISDS and the EC defensive line may not have convinced sceptics, considering that they have

even given it a chance to convince them. As can be observed from the data used in this thesis, the dichotomy of the opinions regarding the TTIP seems to have rooted and opinions are not easily shifted from one opinion to another. What seems likely, therefore, is the appearance of compromises to the TTIP in order to reach an agreement. For some, this seems as wasted potential and could lead to an insignificant final agreement, which is not desirable (Politi 2014b).

As mentioned above, issues related to holding on to democracy are connected to the ISDS by authors against the TTIP (Monbiot 2013a; 2013b; CEO & Seattle to Brussels network 2014; CEO 2014a; CEO 2014b; Dings & De Pous 2014). Monbiot (2013b) raises topical examples from the European point of view. First, he mentions financial regulations fought back by banks especially in the most recent financial crisis. This was also commented in the *Transatlantic bill of rights* where investors sued for lost funds after the loans were granted (CEO, Seattle to Brussels network & TNI 2013). Second example was of a Swedish nuclear company, Vattenfall challenging Germany's decision to waive atomic power, where the company requested over 3.7€ bn in compensation for lost business (TNI 2014).

In response to Monbiot's first column (2013a), a British minister Kenneth Clarke (2013) criticises the narrow approach discarding all the economic benefits of the TTIP on jobs and growth. He states that *Investor protection is a standard part of free-trade agreements - - to dismiss the whole deal because of one comparatively minor element of it would be lunacy*. Furthermore, he makes a notion that in his opinion the TTIP would benefit small businesses more than MNC's because of the diminishing regulations making imports and exports of everyday products in both directions easier to operate.

Stoczkiewicz (2014) also responds to the promises of the representatives of BusinessEurope and the Amcham, Ms Marcegaglia and Mr Bourgeois, of companies not damaging the sovereignty of governments with their lawsuits, by referring to existing trade agreements where this has happened. Existing trade agreements were also brought into the discussion by Schiessl (2014) as warning examples of things not always going as predicted or announced to the public. Emeritus Professor Philip Cerny describes the ISDS as a *powerful system in which a foreign investor could take up a case claiming that regulations with a direct or indirect impact have not met the obligations set out in the agreements*. In this way the ISDS relates closely to the other issues raised within the public discourse in, for instance, the regulatory issues and the harmonisation of rules and physical products.

Furthermore, Dings & De Pous (2014) note in their letter to the Financial Times 18.2.2014 that the problem alongside the ISDS is in the negotiation process, when the issues in hand are processed by newly founded bodies within the EU, which are unelected. This gives more room for finding solutions that may not follow democracy.

### 6.1.2 *Transparency and secrecy*

Another issue raised by most of the critics was the secrecy of the negotiations (CEO 2014a; CEO 2014b; Stoczkiewicz 2014; Schiessl 2014). The negotiations have taken place on numerous occasions but some speculate that the notes and agendas of these meetings have not been made public. A thorough investigation by the CEO (2014b) of the meetings of the EC with business lobbyists regarding guidance with the desired contents of the TTIP revealed that these meetings were held in secretive conditions and minutes were not systematically released to the public. (CEO 2014b.)

*As a European citizen, you have a right to know how the European institutions are preparing these decisions who participates in preparing them, who receives funding from the EU budget, and what documents are held or produced to prepare and adopt the legal acts. You also have a right to access those documents, and make your views known, either directly, or indirectly, through intermediaries that represent you.*

(The European Commission 2014d)

The European Union promotes transparency in all of its work. However, it has received negative attention regarding the TTIP negotiations and transparency in the public discussion (CEO 2014b; Monbiot 2013b). Furthermore, the secrecy has raised attention in the news coverage on the benefits and risks of the TTIP. For instance, in the German newspaper, Der Spiegel, Michaela Schiessl wrote an informative article *Corporation Carte Blanche: Will US-EU trade become too free* (23.1.2014). She gave a comprehensive analysis on the aspects of the TTIP including on the negotiations happening in secrecy. Furthermore, she reminds that in a trade deal (or any deal) such effective, ‘every comma and clause’ can be of strategic importance.

The supporters of the TTIP have also responded to the worrying over the secrecy in the negotiations. For instance De Gucht has responded to the accusations by Monbiot in the FT highlighting that the negotiations are *fully open to scrutiny*. The World Trade section editor of the Financial Times, Shawn Donnan wrote on the problem being mainly in Europe. In his article *US pushes for greater transparency in EU business regulation* he highlights the importance of businesses being able to comment on the issues on the negotiating process. In his opinion the EU companies can still comment on the drafting at the US whereas US companies have no similar access to the EU negotiations.

### 6.1.3 Regulations

One of the themes raising concern most in the TTIP is regulatory issues. The conversation has been especially heavy on some particular industries and products including drugs and genetically modified foods. (The Economist 2013a; 2013b; CEO et al. 2013; Furthermore, sanitary and phytosanitary (SPS) issues have drawn attention to them and were noted by the HLWG in the Final report as an important regulatory point to negotiate. These include sanitary regulations regarding trade or transport involving humans, animals, or plants, where the requirements are based on science and on international standards of scientific risk assessments. (HLWG 2013.)

Already in the early phases of the negotiations The Economist wrote approvingly on the TTIP, however raising the issues of differing drug-approval processes and safety standards of products slowing down the business processes. On the upside, according to The Economist, and as discussed previously in this thesis, harmonisation of products could give an “economic boost” to the regions (Opening shots 2013).

Agriculture has provoked its own group of critics. James Politi (2014b) writes in The Financial Times on the progress of the Genetically Modified organisms –negotiations as part of the TTIP. In his words the EU trade Commissioner Karel de Gucht had notified in February 2014 how the EU stays firm in their current policies on GM foodstuffs and other products. Some farmer lobbyists’ response to this in the US, according to Politi, proves that this is one of the most sensitive matters in the trade negotiations and if it would not go through completely one of them said, *no deal is better than a half-baked deal* (Mr Steve Censky, Chief Executive of the American Soybean Association). The labelling of GM products or their testing and therefore, food safety, was raised as an issue by Stoczkiewicz (2014) in the The Financial Times 19.2.2014. The author links the regulatory issues also with the ISDS, claiming that this included in the TTIP would make *undermine the right to regulate* even further.

Regarding the regulatory issues, the supporters have pleaded to the potential gains from standardising product lines (R.A. 2014, Marcegaglia & Bougeois 2014). The hindrance in international trade for firms is the process of acquiring approvals from several governments (R.A. 2014). This was also said to benefit small firms more (Clarke 2013) but critics claim the contrary or that, in fact, big businesses have benefitted most in existing trade deals.

Some of the technical improvements are included in the NTB removal discussion as inevitable for the success of the TTIP. These include harmonisation of procedures or, more concretely, standardising products such as the charger plugs for electric cars or making product labelling more universal.



#### 6.1.4 Protectionism

The Economist Leaders published the article *Opening shots* (6.7.2014) in the early stages of the trade negotiations raising issues of protectionism and non-tariff barriers to trade between the EU and the US. As an example of a discerning limitation to open trade, the Leaders article raises concern towards the American mentality to actively promote American products, such as using the ‘Buy American!’ purchasing rules promoted by politicians. EU view on trade protectionism is that it needs to be tackled to create better trade and investment conditions. The Vice President of the US, Joe Biden (2014) also promoted for fair competition in his addressing of the American people in *The Financial Times*.

One of the significant issues regarding the impacts of the TTIP is the level of final tariff cuts in the final deal being implemented. As discussed previously, these are divided into the tariff barriers varying between different products and industries, depending on, for instance, protectionism in the industry and to the non-tariff barriers, such as standard disparities, content requirements or government protection or subsidies to products. The CEPR report for the European Commission states that all tariffs can be removed, but it is unlikely that this will happen with all the NTB's due to underlying differences between the two regions (CEPR 2013, 21–27).

Non-tariff barriers are estimated to be the more significant part of the overall lowering of the barriers to trade. In the data, authors anticipating the significance of the trade deal, or even commenting on the published figures, most agree that the non-tariff barriers will play a more significant role. This is partially, if not totally, due to the tariffs already being low between the EU and the US, and, therefore, significance of their removal would not be extreme. This notion was also made in the data by *The Economist* (*Opening shots*) 6.7.2013.

Threats for increasing protectionism and the risk to fail to negotiate a comprehensive trade and investment agreement are growing in the opinion of some authors in the public discussion. One influencing factor is the economic downturn in Europe, which has led to growing unemployment especially amongst the young. This has also led to political instability and made room to smaller parties to look for voters disappointed in the traditional, main parties.

As a result, populist parties, with more nationalistic values and antipathies for globalism have been the winners of this mayhem in many countries and gained more seats in parliaments. This has been noted in the public discussion regarding the TTIP as well, with concerns to May elections in the European Parliament hindering the progress of the trade negotiations or it ending up being rewritten in terms of its important parts (James Politi 2014b). The elections in May were also raised as an issue by *The Financial Times* editorial *No time to waste on transatlantic trade* (16.2.2014). The

article notifies the fact that MEP's have the right to ratify trade deals. Furthermore the holder of the position as the Trade Commissioner could change in the elections, if power dominance is shifted.

Paul Krugman (2014) wrote in the Economist when asked to comment on US trade deals such as the TTIP and the TTP that they are not what they used to be due to the changed circumstances globally.

*Old-fashioned trade deals are a victim of their own success: there just isn't much more protectionism to eliminate.*

(Krugman 28.2.2014 The Economist).

## 6.2 Anticipated economic and social impacts of the TTIP

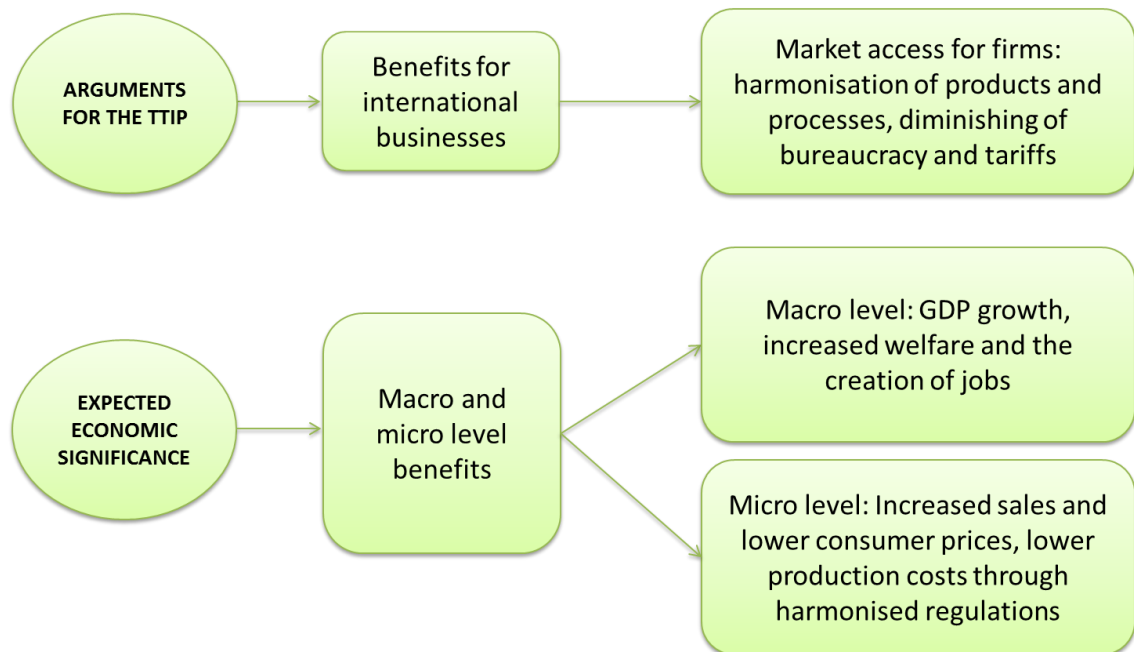
In this chapter of the thesis the relevant data are analysed based on the portrayed expectations on the economic significance of the TTIP. The data contains different approaches to the economic benefits of the trade agreement between EU and the US. Official take of the negotiators is as reported by the CEPR in their economic assessment report. The report accounts for two scenarios, as discussed briefly in chapter 3.1. In its reporting the EU refers to the so called ambitious scenario, which, according to the CEPR calculations, comes true if the TTIP agreement is as comprehensive as possible. Therefore, it is clear that the final form of the final deal is not irrelevant to the EU. This view of significance pending on the comprehensiveness of the deal has also been supported in the media and public discussion (Opening shots 2013; Marcegaglia & Bougeois 2014;)

The unquestioned benefits of the TTIP are in support of international business related operations. These benefits are shown in Figure 6. As discussed in the theoretical part of this thesis, many of the MNC operations could become easier with the removal of barriers and diminishing of repetitive administrative or technical procedures in the export countries. For instance filling forms for product qualifications or customs clearances can be time consuming when the import country has differing requirements. From the potential savings of firms, and their access to new markets, further economic gains can be received. Claimed benefits therefore are lower prices for consumers and the potential creation of jobs. However, is difficult to estimate the effects of the TTIP to different industries and products in particular. This has gained some attention in the media and in academic research, but further studies are recommended on the industry-specific benefits.

In the articles published by the supporting side, the comments on the benefits of the TTIP are often on a general level, using encouraging wordings such as *boosting our economy* (Clarke 2013) --*will yeald significant benefits* (Marcegaglia 2014), --

*America's best interest* (vice President Biden 2014). Some of the authors focus more on the undermining of the critical arguments than highlighting their own, which leads to a similar conclusion on the importance of the TTIP. The arguments used to promote the TTIP in the information packages and reports are often directed to businesses and are more detailed in nature.

The arguments for the TTIP in the analysed reports and EU and US websites include, for instance, benefits from the access to new markets, from the harmonisation of products and procedures and the TTIP leading to less bureaucracy with imports and exports. These business-related arguments are then introduced to the general public as positive economic impacts of the TTIP through the better conditions of doing business. The economic impacts are generalised into the macro and micro environment, in simplified terms. For instance, the macro level benefits are described as increased economic activity or creation of jobs. From the microeconomic point of view the impacts are anticipated to be on firm specific benefits (Figure 6).

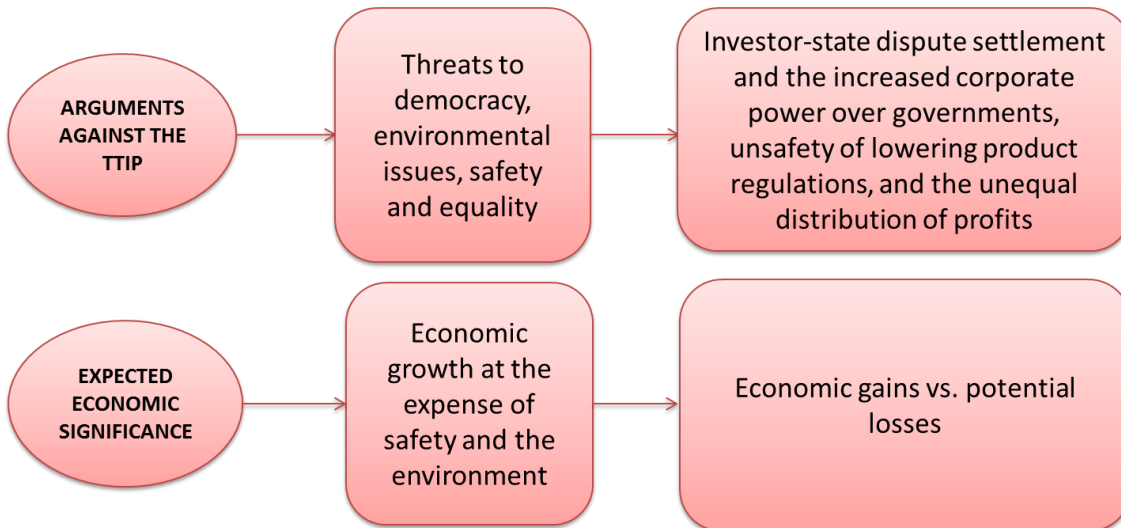


**Figure 6 Benefits of the TTIP to firms and the economy**

Interestingly, many of the supporting arguments shown in Figure 6 are also used as critical arguments from the opposing side as presented in chapter 6.1. However, the harmonization of products through more standardized regulations can be a benefit from the firm perspective, as the cost of customising products is lower or absent. Furthermore, if the regulations and requirements are the same, for instance to food products the cost saving begin already in the production processes, or even in the farming or cultivation phase. Simultaneously, however, the harmonisation of regulations has caused distress with concerns of safety and the environment. The

lowering of regulations in the production of drugs or using GM foods raises worry in Europe where the safety of these production methods is questioned.

Other risks, as discussed previously, included the rising corporate power and threats to democracy, as well as environmental issues and worry over rising inequality. The risks associated with the TTIP are gathered together in Figure 7 first presenting the value presumptions and then detailing examples of the concrete issues related to the values.



**Figure 7 Risks of the TTIP to society**

In a similar way the economic benefits, in other words the economic growth anticipated to be gained from the implementation of the TTIP, have been questioned. The main argument is in the comparability of the economic gains, and other values associated with the welfare of a society and the planet as presented by for instance Schiessl (2014) and Stockiewicz (2014).

Figures 6 and 7 summarise the issues discuss in the previous chapters, and the arguments reflecting the expected economic significance of the TTIP from both the supporters, and the critics' point of view. Next, these expected impacts, specifically on economic growth and job creation are looked at more closely as these were commonly addressed in the discourse as supporting arguments for the TTIP. The expected economic impacts are presented as in the reports used by the EU to present the benefits of the TTIP in their reporting. Moreover, these are discussed intuitively from the theoretical point of view in order to evaluate the accuracy of the argued benefits. The aim of this analysis is not to test the figures or prove them right or wrong. However, the aim is to discuss if they are realistic and how this is shown.

Before the analysis of the impacts on jobs and growth, I briefly discuss the non-economic aspects brought up in the data. As the critics have argued, other than

economic values should be considered in the TTIP implementation as well. The CEPR report (2013, 70–79) lists, for instance, so called sustainability impacts of the TTIP. These are, again, mainly related to employment through the movement of labour, but also some environmental values are mentioned. For instance the reduction of CO<sub>2</sub> emissions is calculated as a result of the TTIP, but the emphasis is on economic growth, jobs and rise of trade and investment volumes. In the Bertelsmann Foundation study (2013) no direct referring to other than economic values are presented.

### 6.2.1 *Impacts on growth*

The Centre of European Policy Research' (CEPR) calculations vary from 0.2 % in the less ambitious scenario to 0.5 % of GDP growth in the comprehensive TTIP for both EU and the US. More optimistic scenarios exist as well. A report by the Bertelsmann Foundation (*Transatlantic Trade and Investment Partnership (TTIP): Who benefits from a free trade deal?* 2013) introduces two scenarios in a similar way to the CEPR. In their *Tariff scenario* only currently applied tariffs are removed. The other option, the *Comprehensive or deep liberalization scenario* presents an analysis based on observed free trade agreement implemented comprehensively. The foundation conducted their calculations with their own computable general equilibrium (CGE) model. In their report (2013, 4–7) the CGE model is explained in detail and it is compared to other existing economic models.

The Bertelsmann foundation report concludes that the economic benefits to the US are greater than those to the EU measured in real per capita income (The Bertelsmann foundation 2013, 22–25). The results of the ambitious scenario of the CEPR calculate somewhat higher GDP growth to the EU in both scenarios using the year 2027 as a benchmark (CEPR 2013, 46).

The less ambitious scenario presented by the CEPR (2013) estimates the economic impacts of the TTIP in a situation where only a single policy is implemented at a time in the TTIP, not all as in the comprehensive scenario. It identifies three aspects of trade where tariff or non-tariff barriers could be eliminated individually: tariffs only, services and procurement liberalisation. The report states that these would lead to positive outcomes, but at a relatively small level. It recommends, therefore a trade agreement which accounts for more than a single policy. (CEPR 2013, 44.)

The common conclusions with the reports estimating the economic impacts of the TTIP are the significance of the elimination of NTB's. The tariffs in the bilateral trade between the EU and the US are low already, and therefore, removal of tariffs alone would result in less growth (The Bertelsmann foundation 2013, 21; CEPR 2013, 46).

Therefore, the conclusion is that mutual recognition of regulatory issues and harmonisation of processes and regulations would lead to better economic impacts.

Both the reports analysed here offer relatively little, if any, limitations to their research. On the contrary, it seems that the reports consider their results as comprehensive and realistic based on the chosen scenario. Therefore, the different scenarios presented by the studies operate as alternative outcomes where the final level of tariff cuts and elimination of NTB's determine which scenario will happen. The confidence in the CGE models and their estimators is high.

The economic impacts of the TTIP were also referred to in the public discussion analysed for this thesis. The referenced figures varied from local to global GDP growth to growth in exports. The CEPR study was referenced to directly (Opening shots 2013; Schiessl 2014; Stoczkiewicz 2014) but in most of the articles expressed estimates of the economic impacts of the TTIP did not include references to the used sources of calculations (Come on TTIP 2013; Clarke 2013; De Gucht 2014; How to make the world \$600 billion poorer 2014; Biden 2014). For instance, Vice President Biden (2014) refers to *outside studies* when mentioning the increase in amount of exports as a result of the TTIP and Trade Commissioner De Gucht uses only broad terms of figures although as a representative of the EU he is presumably familiar with the report of the CEPR.

The growth figures referred to in the data were mainly used as informative or as eye-capturing effects in the articles. Often they appeared as encouraging facts towards the TTIP, but not inclusively. Stoczkiewicz (2014) wrote the economic impacts to the EU to be a *mere 0.05 per cent boost per year* and, in a similar way, Schiessl writes in *der Spiegel* (23.1.2014) the total economic growth in Europe of € 120 billion is only 0.5 per cent of GDP. The author emphasizes her opinion with concluding the article with the words: *And that is the optimistic scenario* (Schiessl 2014).

### **6.2.2 Impacts on jobs and industries**

In the analysed reports and the EU and US websites development of employment has received significant attention. Furthermore, industry specific welfare effects have been analysed by both the CEPR, and the Bertelsmann Foundation study. Next, these anticipated impacts are introduced and compared briefly.

On the topic of employment effects The CEPR study focuses on wages and the movement of labour and jobs as a consequence of the TTIP. Supply of employment was assumed fixed in the model, and therefore the long-run employment remains unchanged in the model and effects were monitored through changes in wages (CEPR 2013, 71). According to these estimates on changes in wages, in both the scenarios wages increase

in the EU and the US, somewhat more in the EU especially in the ambitious scenario by the benchmark year 2027.

The Bertelsmann Foundation study states that in the tariff scenario impacts on employment are most likely irrelevant. In the deep liberalization model the impacts are four times the size of the impacts in the tariff scenario. In fact, the study finds linear regression on the unemployment rate in 2010 and the drop in unemployment as a result of the TTIP. In other words, the higher the unemployment rate in 2010, the larger is the drop in it after implementation of the TTIP. Therefore, the study states, the impacts are especially great in the countries recovering from the financial crisis (The Bertelsmann Foundation 2013, 31–40).

The impacts on jobs and, especially, on unemployment are considerably higher in the Bertelsmann Foundation Study whereas the CEPR study, in fact, takes extreme caution in evaluating impacts on job creation. These are undoubtedly difficult estimates to make as they depend on the investment opportunities of firms and especially the change in the demand of their products, which are as well difficult to estimate. However, as some of the results seem to be more reliable than others, the certainty of any estimate is clearly small and only the result of using certain variables.

The estimated changes in employment are questionable in terms of the economic theory applied in this thesis. According to theory, the internationalisation of trade leads to relocation of firm activities. This shifts production in countries with lower wages and, hence, lowers the cost of production. These affect are difficult to measure in the context of the EU and the US, as the wage rates are not significantly lower in either. A further way to create jobs is through increased demand and, consequently, increased output. The demand in Europe or in the US is subject to the funds people have in their use and their willingness to spend it. The Bertelsmann Foundation estimate (2013, 31–40) on the more significant drop on the unemployment in the crisis countries could be on the mark, but precisely for this reason. As the confidence in the economy and in doing business is recovered, demand potentially increases. In this case the countries recovering from the financial crises could realise a more rapid boost in economic activity. This can appear especially strong in GDP growth or employment figures when the reference points are extremely low.

The CEPR focuses on more on the industry-specific growth and impacts of the TTIP. Moreover, the report suggests growth in almost all industries and most significant change in manufacturing, processed foods, chemicals, and transport vehicles (CEPR 2013, 30–32) The Bertelsmann foundation study estimates country-specific growth figures with focus on Germany, EU trade with its neighbours, United Kingdom and North America. In this part of the study it concludes that still the tariff scenario does not provide results with significant impact on trade volumes. In the case of Germany, the study estimates that as a result of the TTIP, price drop of some intermediary products in

manufacturing causes increase in German exports, even outside the EU. The study also suggests that some trade diversion could occur in intra-EU trade when barriers are lowered to trade with the US. This could be a strong impact for instance to UK-US trade as the so called natural trade barriers such as culture and language are low already. Hence, especially imports from the US to the UK could rise substantially relative to the imports to the UK from inside the EU. (The Bertelsmann foundation 2013, 13–18.)



## 7 CONCLUSIONS

In the final part of this thesis the main findings of the theory and the data analysis are presented in a more concise manner. The conclusions are divided to those more useful in the theoretical perspective, and those with more practical functions, for instance, from a firm perspective. In this chapter, the limitations to the study are also discussed and the, finally, a list of sources is provided with some critical analysis on their trustworthiness and use as a part of the empirical research.

The TTIP has reached a great deal of media coverage and political attention in the past year. The anticipated economic importance of the free trade agreement covering an estimated one third of worlds' total trade is significant to say the least, according to the EU and US publications. Trend of the growing interest of governments in making trade agreements can be perceived not only as economic, but also as a part of political, strategic decision making. There is no denying that the EU and the US are significant world powers in an economic and political context, and that the TTIP would have an impact on many trade related issues. However, the trade theory is often used carelessly to explain the economic activities of states and firms as those being similar institutions in an economic perspective. It is important to understand the different features of these institutions

### 7.1 Theoretical implications

What is being said about the TTIP reflects the authors' values, position in the political sphere, knowledge and resources, as well as power relations. The authors generally know their audience, and, when it is the general public they are trying to have an impact on it. The values the authors support are mostly very easily identified from their direct language and direct views supporting their arguments. The supporters of the agreement argue for economic growth and jobs brought by the increased trade after tariff reductions or removals. Easier market access to companies means growth opportunities and opportunities to increase profits. These enable prosperity for those working for the business and potentially open new job opportunities. New businesses can thrive from new markets and consumers have more choice and better value. Competition can lower prices for them.

Some generalisations on the public discourse can be drawn out of the data as a result of the analysis. Representatives of responsible organisations or the participating members, the EU and the US, are speaking for the agreement and especially for its overall economic benefits. Criticism in the public discussion is directed to the private business sector, mostly by organisations promoting democratic and ethical values, as

well as environmental values. Multinational corporations are often targeted from ethical or social perspectives and they need to consider this in their operations (Zheng, Luo & Wang 2013). These can be interpreted as consequences of the neo-liberal economic development of the 21<sup>st</sup> century where the growth of multinational corporations and the maximizing of investor profits have stirred controversy among opponents of this school of thought. Main arguments are ideological, and not necessarily discarding the economic benefits of the TTIP. However, the current development of the global trade including a less regulated or free trade is seen by others as a problem for sustainable growth and be ethically on the wrong track while increasing the income gap and inequality. These views are evident in the criticism towards the TTIP in the public discussion.

From an economic theory point of view it is not always reasonable to take sides in economic research. Many economists provide solutions to key problems and economic issues (such as taxation, terms of trade or the role of the public sector) in a theoretical level where the actual outcome depends solely on the variables chosen. Not only are these difficult to measure but also often a question of the values chosen to emphasize. As economics is not an exact science such as physics or biology (where things either are or are not) theory is not as easy to apply to practise. In fact, most debates are likely to go on endlessly. For instance, economic theory exists both for, and against, free trade. The results are the outcome of choices made when choosing the parameters and variables in order to find out the impacts to economic growth, jobs and so on.

Of course, the dichotomy of for and against -thinking towards the TTIP is far less simple than the above generalisations lead to understand. Very few are against global trade or removing of tariffs *per se*. However, the opposition and criticism is directed towards the details of the TTIP and the negotiation process in general. The market economy is approved by most of the European public as well as by the think-tanks and policy setters. Supporters of other economic approaches are marginal. However, more debate exists on how far capitalism can go. Trade without barriers is a key concept of liberalist market economy. The profit maximizing multinational enterprise, with its owners and shareholders, are in the centre of this debate

An important notation when discussing free trade and the economic benefits it may have is making a difference between a country and the MNC. These do not operate in similarly competitive environment and should not be compared to one another. The increasing of international business functions of firms increases imports eventually, and shifts jobs to the lower production cost countries. However, the impacts in an economy depend further on the policy setting and, for instance, demand in the country. Demand, then, increases if the wages increase in a country. Competition in a country perspective happens between and within industries. The benefits of free trade to the MNC are a different side to the story. These are summarised in more detail in the next chapter.

Critics, then, say that these values harm society in other ways and, that, corporations earn more power over governments in the completion of a comprehensive trade and investment partnership agreement. Bottom line of the values impacting these arguments is values of democracy, as well as humanitarian values and equality. Economic growth can bring prosperity many, but according to these value definitions, increases inequality by increasing the income gap. Some of the criticism was directly aimed at corporations that are seen by organisations or activist groups to be representing values such as greed, ruthlessness, and disrespect for the environment or towards human rights.

Some are more strictly opinionated than others. Emeritus Professor Gerny writes to Letters in The Financial times (13.2.2014) on behalf of free trade, but with a concern towards the increased private power. Similar, cautious but non-dismissing tone can be identified in the reporting by Schiessl (2014). What unites this school of thought is the supporting of the expansion of free trade but worry that “will become too free” (Schiessl 2014).

As the final implementation and extent of the deal is not yet determined, the criticism is perhaps easy to be based on values and humanitarian issues such as equality and sustainability, which impact everyone at best or at worst. Despite the final outcome of the TTIP, and the actual realities behind the criticism, raising these issues is difficult to leave unnoticed. In public debate where values are involved, the main emphasis of the opposition can be to raise awareness and questions as effectively as possible, not necessarily to stop the case (TTIP) from happening.

## **7.2 Managerial implications**

There is a clear consensus in the data that European and US based firms would benefit from the implementation of the TTIP. The level of impact to firms, and the overall economy, would be depending on the extensiveness of the trade deal and the time period in which it is implemented. The main source of growth for firms is in the growing market access and the ease of doing business from the EU to the US and vice versa.

From a domestic firm point of view the PTA or FTA can mean not only better market access but also first-mover advantages or growing economic of scale and scope. As the tariff reductions, phase-in periods and other changes with the current trade situation after TTIP implementation are potentially different in different industries, the estimates of ‘who benefits the most’ are difficult to make. Some potential winners are the car industry, food industry and the daily products where regulatory changes are required, but are not problematic enough to risk being excluded from the deal such as, for instance, drugs.

For many companies, the challenges caused by differing rules and regulations in trade are overwhelming and cost a considerable amount of resources. The European Union single market policy has already provided help to these issues for companies from within the union, although not without problems and transition periods. The intra-community supply, however, is found beneficial in the European context. Trade between European and American companies would be affected in a similar way as a result of the TTIP.

This thesis has shown that not only direct financial benefits from reduced tariff rates but also from reductions in non-tariff barriers can bring efficiency to businesses. However, these are complicated issues to negotiate and implement. Some of the most important NTB's in the context of the TTIP are the overall diminishing of bureaucracy, such as easing of administrative tasks with imports and exports and reducing, or harmonising, regulations. EU member countries' governments and US government policies should also support the trade agreement and not encourage domestic consumption. A significant issue from a firm perspective seems also to be the overall implementation process of the TTIP. The system needs to be carefully planned and implemented relatively quickly to maximise the benefits. The discourse indicates fears that the prolonging of the negotiation process could severely damage the negotiations and the final extent of the deal.

For firms the extensiveness of the deal and the reducing of administrative tasks when importing from one country to another, is a relevant factor. Furthermore, in order to reduce costs quickly the phase-in period of the TTIP should be relatively short and exclusions out of the agreement left to a minimum. The NTB's discussed throughout this thesis have been stated to bring most cost savings to businesses as they involve higher costs. Relatively high cost saving could be achieved, even if the trade volumes don't change significantly. (CEPR 2013, 46.)

However the removal of NTB's is politically difficult and the impacts are still questionable. There are several cultural and language related problems connected to NTB's and in these cases some countries and firms located or operating in those countries, especially in the English speaking countries of Europe, could gain more relative to others. However, when discussing the winners and losers in a trade deal, the questions are more related to a specific industry and competition between industries. The competitiveness derives from productivity and for this a firm needs the right labour and skilled workers as well as the infrastructure provided by the trade organisation or a trade deal. In fact, the competitive environment could stay relatively similar to many industries. Where the tariffs drop significantly or a ground-breaking regulatory issue is resolved, the benefits can be extremely significant to a specific industry, or even a single firm. However, these impacts remain to be seen as the negotiations progress and the interest groups continue to promote their individual preferences to the negotiators.

### 7.3 Limitations to the study

The greatest limitation to this study is the number of analysed data and the diversity of it. The data available on the TTIP discussion and reporting is almost never ending and the sources vary based on their purpose, values and reliability. This is especially the case with newspapers and newsmagazines, as well as internet pages. The data was chosen from globally respected newspapers and web sources recognized by the author. However the analysed data is not by far a comprehensive listing of articles or comments published in these sources. Therefore several opinions, comments and arguments are still left outside this thesis and outside the scope of the results. Furthermore, although respected and globally circulated publications were desired in this thesis, there could have been valuable data available in numerous other sources as well. It was not also desirable to gather unlimited amount of data from the same institutions or individuals. The aim was to remain objective and not concentrate too much on a single organisation or opinion. Especially in the critics' case, the data was often numerous on similar topics from the same authors.

The above and some further limitations can be considered to be related to the time frame of this thesis. Discussion on the TTIP has started long before the data gathering period of February 2013 to March 2014. Furthermore, the discussion continues and new issues (and others currently under debate but not analysed in this thesis) arise most likely also in the future. As a result, it is clear that this thesis does not provide a comprehensive listing of the problems related to the TTIP.

Although this thesis is written objectively with the aim to analyse the discourse regarding the TTIP some subjectivity is inevitably present in the results although not expressed to the reader. The evaluation of the data has been done in a comparing manner and the focus has been on *what have been said* rather than taking stand on the expressed opinions. Furthermore, the opinions are not chosen for their take on the subject being the same as the author of this thesis possesses. The aim here is to describe the discussion and draw conclusions on its nature and themes rising from the discussion. The analysis strives to draw conclusions based on the theoretical framework and not to say what is correct or desirable with the TTIP. The managerial implications, however, are authors thoughts on the potential real life effects to businesses or policymakers, but are more suggestions or assumptions rather than facts.

As the negotiations are still in process, and the structuring of the contract and agreeing on the contents of the final agreement has proven difficult, the implementing of the agreement at all is still uncertain. Therefore there are many relevant issues left outside the scope of this study. Whether if the negotiations are successful, what further issues arise during the negotiations and how the TTIP is implemented if successful are all left out in this study. Furthermore, the actual economic impacts on jobs, growth and

different industries can be determined only a long time after the implementation of the conditions in the final agreement. These are all valuable questions for future research touching upon many research fields.

Some parts included in this analysis are still not fully comprehensive due to the extensive nature of the TTIP to the world economy. For instance, the anticipated economic impacts introduced in this study are focusing on the impacts on Europe, and partially, to the US. Global impacts are deliberately not discussed here, although discussion on these appears also in the data.

As the dialogue on the TTIP varies greatly from style and content, it is clear that different articles were desired for this study as well. As the aim of this thesis is to find the issues considered to be related to the TTIP implementation, it is important not to avoid even the most provocative comments and arguments. However, the study aims to introduce them objectively and not to highlight them. As it is impossible to present all existing discourse in this, or probably any study, it is not analysed here how the overall attitude towards the TTIP, PTA's or free trade is depicted in the world or even amongst the participants in the dialogue on the topic.

As discussed earlier in this thesis, the authors or publishers of the data analysed in this thesis were not analysed to a great detail. The focus on the background studies was on the values and position of the authors, and on the reliability of sources. More comprehensive analysis on individuals and organisations could provide further information on the motives and goals behind the TTIP discourse. As an important feature of the study methods and any research related to media and the internet, the sources were vetted and critically evaluated. The full listing of source evaluations can be found in chapter 4.6. From relevant parts the results of the evaluation are commented in the study.

Finally, the interdisciplinary research method can be assessed to have some limitations to the study. Although it provides a comprehensive overall image of the topic, it may lead to less profound findings and superficial processing of some aspects of the theory or research, which would deserve more attention. These limitations considered this study has aimed to answer the research questions to its best capacity. Throughout this study, topics of further research are discussed where the limitations explained above have hindered a more thorough analysis.

## 8 SUMMARY

The purpose of this study was to investigate the issues in the Transatlantic Trade and investment Partnership between the EU and the US. This was done by first presenting the theoretical framework related to trade agreements (FTA's, PTA's and customs unions) and evaluating their effectiveness and importance to trade and society. To identify the issues with the TTIP in particular an empirical study was conducted. In this study, the discussion and reporting on the topic was followed, and analysed from its relevant parts. As an empirical research method a critical discourse analysis (CDA) was used to discover the value-related positions behind the individuals and organisations participating in the discussion. In this way, the discourse was better understood as a part of the social, political and economic context.

As a result of the data analysis the key issues in the TTIP negotiations and implementation were identified. Furthermore, the analysis indicates the dichotomy of the attitudes towards the TTIP. The CDA provided insight to the values that drive the supporting and the criticising arguments. This study does not evaluate the opinions or values, but presents the different aspects to the discourse. However, the views on the TTIP reflect some values more than others. Values related to increased welfare through economic growth are important to the supporters of the TTIP. Critics represent softer values such as sustainability and support democracy.

Values of the organisations seem to drive the opinions with humanitarian and democratic organisations impressing their worries over the growing power of organisations. In the debate regarding the TTIP the critics are not necessarily against free trade and lowering of barriers, but, in most cases, speaking on values such as democracy, social policy and the position of public sector. In other words some of the critics are worried over the increasing power of MNE's and the diminishing of democracy and the public sector influence. Political positioning is of less value, but to some extent politicians or individuals more oriented to the left are against the TTIP.

The theory and data suggests that the removal of tariffs is not the most effective tool for economic gains in the TTIP. Non-tariff barriers, such as protectionism, are estimated to be the more important factor in anticipating the economic significance of the trade deal. Agreeing on the regulatory issues is also a key issue in the success of the TTIP. The negotiation process itself has also been problematic. Global crises and political instability have affected its progress. The EU and the US have also been criticised over secretive negotiations and lack of transparency.

If the TTIP is successfully implemented, it is widely agreed, that some firms will win as a result. Some firms (industries) will also benefit more from tariff eliminations than others, depending on the level of change from the current rate. However, the overall impact on jobs and growth is difficult to estimate and remains to be seen.

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## APPENDIX 1 DATA TABLE

Publication	Date	Title of the article	Author, position, and/or section in the newspaper	Opinion	What is being said about the TTIP? <i>Quotes</i>	Anticipated economic impacts in local currencies	Key problems raised regarding the TTIP	Intertextualities
The Economist	16.2.2012	<b><i>Come on, TTIP</i></b>	Leaders	FOR	For theory; <i>More jobs, more investment, more growth. European austerity-blighted countries could gain from more demand from abroad</i>	<b>No tariffs: 0.4 % GDP increase for Europe, 0. % in US, Half of NTB's GDP +3 % both</b>	Drugs, French protectionism, "Buy American" - campaigns.	
The Economist	6.7.2013	<b><i>Opening Shots</i></b>	Leades	FOR	Auspicious beginning, problems eg. NTB's. Comprehensive deal needed with Tariffs and NTB's	<b>Quarter of NTB's cut GDP +0.9% in EU AND 0.8 % IN US</b>	Agriculture; genetically modified foods (note: mentions espionage). French film industry.	
The Guardian	4.11.2013	<b><i>This transatlantic trade deal is a full-frontal assault on democracy</i></b>	George Monbiot	AGAINST	Provocative style in the text, <i>Would allow a secretive panel of corporate lawyers to overrule the will of parliament and destroy our legal protections. ISDS: Used in many parts of the world to kill regulations protecting people. Phillip Morris</i>	No discussion on economic benefits	<b>The Investor-state dispute settlement;</b> businesses able to sue governments. Democratic issues	
The Guardian	11.11.2013	<b><i>This EU-US deal is no 'assault on democracy'</i></b>	Kenneth Clarke (British Minister)	For	For theory: <i>wealth-creating, free-trading, economic stimulus. Ignore Monbiot's polemic - the TTIP is an astonishingly good deal for the UK economy.</i>	<b>£10bn per annum in the UK, Collective £180bn</b>	Points of Monbiot - Who really cares of origin..	The Guardian 4.11.2013

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The Guardian	2.12.2013 (revisited 16.12.2013)	<b><i>The lies behind this transatlantic trade deal</i></b>	George Monbiot	AGAINST	Secretiveness; The ISDS, some internal document leaked. <i>The message is that trade deal is about "delivering growth and jobs and will not undermine regulation and existing levels of protection in areas like health, safety and the environment". Just one problem: it's not true.</i>	Growth and job creation false? Examples of failures of US-KOREA, NAFTA	The Commissions' secretive meetings, lobbyists. The Investor-state dispute settlement; businesses able to sue governments. Democratic issues. Poultry washed with chlorine in the states: pay compensation under WTO regulation	OVERRATED NAFTA? Not directly
The Guardian	18.12.2013	<b><i>You're wrong, George Monbiot - there is nothing secret about this EU trade deal</i></b>	Karel de Gucht (Belgian politician, commissioner for trade since 2010)	For	In comment is free: negotiations fully open to scrutiny;	<b>£100bn for Europe</b>	Right balance between preventing abuse and protecting investments. <i>We should focus on the facts.</i>	
Der Spiegel - ENGLISH VERSION	23.1.2014	<b>Corporation Carte Blanche: Will US-EU trade become too free?</b>	Michaela Schiessl	neutral	MORE NEWSVALUE? Commenting on the ISDS, listing of skeptics: anti-globalization groups, NGO's, environmental and consumer protection groups	one third of global trade impacted	<i>Corporations to turn to profits at the public's expense in areas like water supply, health or education...broadly worded copyrights would also restrict access to culture, education and science.</i>	Monbiot
Corporate Europe observatory	23.1.2014	<b><i>Critics score against extreme corporate right in TTIP, but must not be fooled by the Commission's tricks.</i></b>	No author	AGAINST	EU under pressure from 'massive public outcry'. ISDS; Proposal (summary) published in March. Public relations trick? Secrecy. 'Stakeholders' are lobbyists?	No discussion on economic benefits	Democracy and people's rights. Removal of the ISDS from the TTIP. Consumer groups, trade unions, health and environmental organisations, digital rights activists eg. In forefront	Karl De Gucht

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The Financial Times	2.2.2014	<b><i>US trade deals remain on track, says Froman (Froman is the US trade representative)</i></b>	James Politi, Washington	For	Domestic policy in the United States, midterm elections.	No discussion on economic benefits	US point of view. US responding to the rise of china with trade deals?	Froman, De Gucht
The Financial Times	13.2.2014	<b><i>Give the TTIP a chance of success</i></b>	Ms Emma Marcegaglia, president of Busienss Europe. Hendrik bourgeois, Chair of AmCham EU	For	Opponents' claims are misleading. <i>An agreement will reduce or eliminate trade barriers for companies and may require regulators on both sides to adopt common product standards and regulations... Companies on both sides of the Atlantic will be the first to benefit from TTIP. But in a competitive global marketplace, these benefits will quickly pass to consumers.</i>	"Liberalising one third of global trade and boosting employment"		Froman, De Gucht "stocktaking meeting"
The Financial Times	13.2.2014	<b><i>Trade pacts should not expand prive Power</i></b>	In Letters: Emeritius prof Philip G Gerny	neutral?	<i>Those of us who are in favor of expanding free trade but oppose this extension of private power over the international trading system are worried that the TTP and the TTIP will go a step too far. They should be focused on free trade alone and not on corporate encroachment on democratic regulatory processes</i>	No discussion on economic benefits		

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The Financial Times	16.2.2014	<b>TTIP will not put democracy at risk</b>	In Letters: John Glancy (Spokesman for Karl De Gucht)	For	<i>There is no basis to argue that the TTIP could in any way undermine democratic governance. Let me be very clear: the governments of EU member states will and the European parliament will remain the decision makers for regulations.</i>	No discussion on economic benefits	Investment and regulation	
The Financial Times	16.2.2014	<b>No time to waste on transatlantic trade</b>	Editorial	For	Talks should be accelerated due to elections. <i>It is not exaggeration to say the TTIP would help to boost European and US prosperity for decades to come. In spite of the gathering recovery, globalisation remains a dirty word - especially in the political left where it is blamed for the middle-class squeeze.</i>	No discussion on economic benefits	Delays, elections in the EU in May. De Gucht might not be the trade representative. Also, rise of populist parties in European countries.	Froman, De Gucht "stocktaking meeting"
Corporate Europe observatory	17.2.2014	<b>What are you hiding? The opacity of the EU-US trade talks</b>		AGAINST	Organisation received heavily censored documents from meetings of the European Commission and business lobbyist. <i>All references have been removed.</i> Article was illustrated with claimed images of a censored memo. Lists meetings with corporate lobbyists of which no data was presented at all.	No discussion on direct economic benefits	More transparency required. Regulatory cooperation biggest issue. Compulsory assessments for potential impact on trade, not on other impacts (health, environment) Here: in a good way.	De Gucht (also him in The Guardian December 2013 "there is nothing secret about the trade deal")

Publication	Date	Title of the article	Author, position, and/or section in the newspaper	Opinion	What is being said about the TTIP? Quotes	Anticipated economic impacts in local currencies	Key problems raised regarding the TTIP	Intertextualities
The Financial Times	18.2.2014	<b>As it stands, the TTIP could threaten democracy</b>	In Letters: Jos Dings and Pieter de Pous (members of the EU TTIP advisory group of experts)	AGAINST	ISDS-clause and the desired unelected body to scrutinize legislation. <i>Elected governments should be able to protect their people and the environment, even if that occasionally upsets certain parts of business. That is not antitrade. That is common sense.</i>	No discussion on direct economic benefits	Legitimacy and democracy.	Response tp: No time to waste on transatlantic trade
The Financial Times	19.2.2014	<b>Concerns on TTIP are well founded</b>	Ms Magda Stockiewicz, director of Friends of the Earth Europe	AGAINST	EU assessment of GDP growth. <i>It would therefore appear that the economic benefits are potentially small whereas risks to society and the environment are potentially significant.</i>	<b>EU assessment of 0,5 per cent of GDP in 10 years mentioned as mere 0,05 per annum</b>		Response to Ms Emma Marcegaglia, president of Busienss Europe. Hendrik bourgeois, Chair of AmCham EU
The Economist	22.2.2014	<b>Barack Obama's unwillingness to fight for free trade is an expensive mistake</b>	Leaders	For	The world will lose, if the deal won't go through. <i>It will also be a signal that America is giving up its role as defender of an open global economy in the same way Mr. Obama has retreated in foreign policy. First shoot yourself in the foot. Then repeat... It's not a zero-sum world.</i>	<b>Could boost the world's annual output by \$600bn. Some \$200bn could accrue to America.</b> Freer trade in services: shipping, banking, education and health care.	<i>Political momentum in America.</i> Issues within the democratic party. Problems within decision making processes in the senate and congress. Delays in negotiations fatal. Globalisation is not inevitable as countries could put up barriers..	Obama
The Financial Times	23.2.2014	<b>US pushes for greater transparency in EU business regulation</b>	Shawn Donnan, London	neutral	Worry in Europe's end. <i>With tariffs already low the main focus of EU-US trade negotiations launched last year has been on easing regulatory barriers to trade. US negotiators argue that the TTIP provides an opportunity to update the way the EU does business--.US wants publication and public commenting in Europe between talks.</i>	No discussion on direct economic benefits	Worrying in Europe's end. Also lower transparency in Europe according to US negotiators. EU mostly has closed consultations with local industry groups. <i>Imbalance unfair as European companies can take advantage of public comment periods</i>	Froman. These problems raised also by Corporate Europe observatory.

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The Financial Times	24.2.2014	<b>US farmers attack Europe on trade talks</b>	James Politi, Washington	neutral	Lobbyists ready to fight for relaxation on health-based issues in the deal. EU should reconsider a series of bans on US agricultural products. Reps have said that no deal is better than "a half bake deal".		Agriculture. Not just tariff cuts but reconcile two different regulatory philosophies. Populism rising in May elections in EU*.	*) See "No time to waste on transatlantic talks".
The Financial Times	27.2.2014	<b>We cannot afford to stand in the sidelines of trade</b>	Joe Biden - Vice president of the United States	For	<i>America should seize the chance to spread our values and benefit our people. I understand the pressures these lawmakers face. When 95 per cent of the world's customers live beyond our borders, exports are critical.</i> Uses security issues (Libya and Afghanistan) with regards to trade with Europe as a benefit.	General benefits discussed from American perspective. <b>Increase in American exports by \$120bn.</b> 44m Americans work for companies that export goods.	Rise of new economic powers. Risk of rising protectionism with trade partners.	Obama
The Financial Times	28.2.2014	<b>Popular sentiment is hardening against free trade</b>	Christopher Caldwell, senior editor at <i>The Weekly Standard</i>	neutral, but sceptic	<i>Nafta boosted economic activity but many of its specific promises proved false. Today's trade deals are more about setting standards and ground rules than about removing tariffs and quotas--. The economic case for free trade remains, in many instances a strong one.</i>		Before there was not so much criticism as there was not as much information and experience on trade deals. The agreement itself could be costly and might not happen.	NAFTA
The Financial Times	28.2.2014	<b>More homework, please</b>	R.A London. Quoting Paul Krugman in <i>The New York Times</i> 27.2.2014	For	Mainly about the TPP with similarities to TTIP, of course. Regulatory harmonisation needed. Discusses trading services at a lower cost. <i>TPP is working to reduce the scope for ad-hockery in interference in investment--. TTIP is as well (that's what the "I" is all about).</i>	trade barriers discussed and the impact of non-tariff underlined.	Problem for firms to go through several governments for approval, therefore trade deals are a good thing.	