Globalization as the Constraint Factor of the European Union-United States TTIP

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Abstract
This paper aims to explain the impact of globalization on Transatlantic Trade and Investment Partnership (TTIP) agreement between European Union (EU) and United States (US). Regarding its implementation, TTIP received negative response. The main policies in TTIP agreement will burden the access of Europeans’ businesses to compete on local and national scale. Through the free market, Made in America products will enter the European market, which will certainly cause a decline in demand for Europeans’ local products. As a result, the Europeans believed that benefits of TTIP only be felt by a few people. This paper attempts to explain the problem using the theory of foreign policy and the theory of globalization. The author uses qualitative research methods with data collection techniques through literature studies. The results of this paper show that Europeans considered TTIP agreement as a form of hegemony from private corporations to the governments of EU countries as an impact of globalization process. This criticism has finally become a challenge for EU national authorities to implementing the TTIP so that this agreement postponed in October 2016 and still has not continued until now.

Keywords: TTIP Agreement, Globalization, Economy
**Introduction**

The economic cooperation is inseparable from the existence of national interest and goals of one country to another through the interaction and routine of each international relations. This is also related to how countries take approaches to national stability and security, how the interaction strategies implemented, and how political actors implement diplomacy in the international arena. In this case, since the end of the Cold War, experts often use patterns of relations between regional cooperation such European Union and the United States as objects of research. The evolution of relationships between the two is very interesting, especially when in the past the EU wanted to apply for a liberal order like what US policy did. However, at this time, the EU began to nationalize its domestic projects, such as agriculture and infrastructure development. Therefore, the EU multilateralism is considered to be declined, so that there is a need for adjustments from other countries in the region to overcome the issue (Michta, 2018).

The TTIP is a trade and investment agreement between the EU and US which comprehensively formulated and has high standards for bilateral trade agreements. Thus, the agreement has been negotiated since June 17, 2013. If it is being applied properly, the TTIP could be the covenant that can facilitate the needs of both parties in terms of trade and investment. It also encourages sustainable development regarding the infrastructure, health, and environmental protection (International Trade Administration, 2018a).

The opportunities for both EU and US regarding the TTIP are apparent through multiple aspects. In the agricultural sector, the collaboration enables farmers and breeders to expand their markets from the US to Europe. In terms of services and goods sector, ‘Made in American’ product is exported to Europe with the aim to meet the needs of European consumers. For the US, the TTIP trade and investment agreement could assist the government in promoting competitiveness, expanding employment, and increasing international economic growth for both regions (Executive Office of the President, 2014).

The premise from the establishment of the TTIP agreement is based on the developed and modern economy of the EU and US. Through the TTIP both the
EU-US expected to open up the employment opportunities for local communities. At least, more than 13 million job opportunities supposed to be susceptible when the agreement is actualized (Ministry of Foreign Affairs RI, 2014). Hence, the TTIP presents a significant opportunity for the EU and the US to strengthen their strategic partnership in the global economic spheres (International Trade Administration, 2018b).

This paper deal with three main problems. First, in the post-Cold War period, the relation between EU and US tends to fluctuate. It started from the EU desire to apply for similar liberal order like the US, and to nationalize its domestic projects, making it difficult for the US to intervene in the country’s economic field. Second, it is interesting to study globalization in depth, specifically to link it with the problems of regional integration and cooperation, considering that it might generate various challenges and opportunities for the region. Third, the TTIP agreement that has been negotiated since June 2013 has not produced optimal results for EU-US bilateral cooperation. Even less, the negotiation further has been delayed in October 2016.

Previous researchers about TTIP can be seen in the following table:

<table>
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<tr>
<td>1.</td>
<td>Dirk De Bièvre and Arlo Poletti</td>
<td>Why the Transatlantic Trade and Investment Partnership is not (so) new, and Why It is also not (so) Bad</td>
<td>The TTIP agreement will not have an impact on the weakening of non-government parties in promoting social values and controlling the course of the market as feared by civil society. TTIP can actually be seen as a bridge for the integration of all levels of society to contribute to the running of the economy. The result of the research conducted by Bièvre is that TTIP is a solution to produce an increase in world trade regulation and sustainable development for the US and EU at the</td>
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2. **Vinod K. Aggarwal and Simon J. Evenett**  
**The Transatlantic Trade and Investment Partnership: Limits on Negotiating Behind the Border Barriers**

There are challenges that must be faced by the EU if the TTIP agreement is implemented. Both see that there is a perception of discrepancies related to the wishes of some parties in determining binding trade regulations. That is, there are only a few actors who play their role in certain core sectors of the TTIP agreement. The results of this research show that the EU failed to carry out financial sector reform and other regulatory processes related to the TTIP policy (Aggarwal dan Evenett, 2017).

3. **Nabeel Khawarizmy Muna**  
**Peluang dan Tantangan Uni Eropa dalam Perundingan Transatlantic Trade and Investment Partnership (2013-2016)**

TTIP has a goal to increase economic growth, trade and investment between the EU and the US. In addition, employment opportunities will be widely opened when the TTIP agreement is successfully implemented. However, in fact, the TTIP agreement was colored by criticism from various parties, especially civil society organizations in Europe. Muna emphasized its focus on the opportunities and challenges faced by the EU regarding the implementation of the TTIP agreement. The results of his research show that the EU gets more challenges than the domestic level (Bièvredan Poletti, 2017).
The major distinction between this paper with previous researches lies in the use of the theoretical framework. In this paper, the author uses the foreign politic and globalization theory to analyses the discussed issue, while Dirk De Bièvre and Arlo Poletti used the theory of international political economy and trade liberalization, and Nabeel Khawarizmy Muna utilized the three-level game theory. Regarding the results of the study, the three previous researchers focused on opportunities and challenges inside the TTIP agreement, either it is positive or negative. Meanwhile, in this paper, the author applies transnational and transgovernmental theory focuses to analyses on globalization as the factor that hampered the TTIP agreement between the EU and US, along with the role of European society as the main key actor.

This paper explains how the vanish of state boundaries caused by globalization, has an impact on the flow of trade, investment, and labor that is changeless to enter the EU region. Thus, emanate the criticism among the European society for generating an inequality. The critics further hampered the TTIP agreement between the EU and US. Therefore, the author raises the research question as follows "How the process of globalization affect the inhibition of the implementation of the TTIP agreement between the EU and US?". The aim of this paper is to explain how the process of globalization could be the obstruction for the implementation of the TTIP agreement between the EU and US.

The author arranged the limit of this paper into three main discussions. First, the subject of the TTIP policy. Second, the criticism from the European community regarding the implementation of TTIP as a result of globalization, and the third, the analysis of globalization as the cause that hindering the TTIP agreement between the EU and US. In addition, the author also undertakes the theory of foreign policy, the concept of globalization, and the concept of national interest as analytic tools in discussing the phenomena. As for the research
limitation and research objective, the authors focusing the discussion from the year 2013 to 2016, and the causes of the delay in the TTIP agreement as the research objective.

**Theoretical Framework**

*Foreign policy*

Foreign policy is a series of processes which form government policies in terms of their relationship with the international community to achieve certain goals and interests. In addition, policy implementation also included in the discussion of the country's foreign policy. Richard Snyder states that there are two factors which underline the government in drafting foreign policy, namely the external and internal factors (Sitepu 2011, 177).

P. Anthonius Sitepu argued that a country’s foreign policy is the depiction of their behavioral relation with other states aiming to defend its national interests at the level of international economic and political sphere (Sitepu 2011, 178). The values and norms of history, social, culture and economy are important elements to be considered by the government on designing its foreign policy as the main foundation to national identity (Alunaza and Sherin 2018, 160).

Although intended to actualize its national interests, the implementation of foreign policy also affects the changing of state behavior. Nevertheless, international pluralism has increased with the emergence of various perspectives from states in addressing their international system. Furthermore, the state also protects its domestic environment, causing changes in patterns of interaction among the states. Therefore, Robert O. Keohane and Joseph S. Nye claim that there will be actors who play a dominant role when foreign policy is implemented. As within the state territory, actors who play a dominant role often come from bureaucrats, mass media, and interest groups. However, for a democratic country, society becomes the main element that has full authority to oversee the country's politics (Amaritasari 2017, 126).

Hence, the state foreign policy is inseparable from the purpose to actualize their national interests. National interests are a set of ideas and goals possessed by
many states in the world as a guarantee for the survival of their societies in the international system (Ambarwati and Wijatmadja 2016, 127). Therefore, every state has national interest as the basis for drafting its foreign policy to have a clear direction.

At least there are three main objectives of national interest according to Friedrich S. Pearson and J. Martin Rochester. First, the commitment of states to maintain their territorial integrity and the survival of its people. Second, the commitment of the state to boost the economic growth of its society and minimize inequality in resources allocation. Third, the right to set up their own political and economic system (Ambarwati and Wijatmadja 2016, 128).

William Nester stated that national interests concern over the issues of social integration, economic growth, independent politic, environmental sustainability, gender equality, cultural preservation, peace, security, and social welfare, as well as other goals to be achieved in certain issues (Ambarwati and Wijatmadja 2016, 128). Without national interest, the national policy remains uncertain with no clear direction. The main thing contained in national interests is how the government could integrate their people from various groups to accelerate its economic and improve welfare. This is noticeable as an important part to measure the success of states when the integration can be actualized (Huda 2013, 128).

Through the foreign policy approach, the authors conducted an analysis of how internal and external factors could influence the formulation of the EU foreign policy regarding the implementation of the TTIP agreement. In addition, the EU foreign policy also concerns to actualize its national interest as a guarantee for regional stability and prosperity of European people. The European community continues to uphold the democratic values so that the government could accommodate aspirations of their society for sustainability. In this case, the EU government is guided by conditions and situations in their region before formulating the policies, including the TTIP agreement.

Globalization
Globalization is a process in which the citizens’ life is being affected by and affects the social and economic power that has been established throughout the world. In the end, the world is integrated into a global community consisting of a group of state and non-state actors (Ashcroft et al. 2007, 100). The events that escort globalization, such as capital flows and free trade, modernization, the emergence of secularism ultimately led to inequality and discrimination in various aspects of life (Muzdalifah, 2017).

According to Shmuel Eisenstadt, there is a number of specific consequences arising from post-Cold War (contemporary) globalization which produce the new formation of civilization contrasting from the previous one. Eisenstadt then mentioned that contemporary globalization is closely related to the increasing economic, political and cultural processes between interacted countries. Some studies on contemporary globalization also link inter-religious tendencies as one of the consequences of globalization. The reform movement towards globalization produced new civilizations and this is taking place both locally and regionally. The thing pushed the reform movement was due to the increased competition from various levels of society, which posed a threat to the state integrity (Sheffield, 2013).

Axel Dreher, Noel Gaston, Pim Martens, and Lotte Van Boxem further discussed the measurement of the success of globalization. The debate comes whether there are implications of globalization to the state political aspect and whether globalization has consequences for social and economic life so that it poses a new challenge to the society in the contemporary era. According to Axel Dreher et al, among the problems mentioned above, the central issue needed to be constructed is whether there are social and economic gaps in the era of globalization (Ashcroft et al. 2007, 100).

Furthermore, Michael Linke focuses on the impact of globalization on the flow of logistics across state borders. The economic integration in the era of globalization entangled free flow of investment, goods, and services so that trade procedures are regulated globally. The results show there are opportunities and
challenges for economic actors in the trading process due to international regulations that are generally customary and binding (Sheffield, 2013).

Jan Aart Scholte stated that globalization includes five things. First, the increasing interdependence and interaction among states which later known as internationalization. Second, the liberalization formed through a free market that sets rules to the abolition of international trade barriers, such as tariffs, customs, and taxes. Third, the universalization as the process of disseminating various information and experiences from society to the entire world through information technology. Fourth, the incoming of Western’s ideas or culture labeled as westernization, and the last is deterritorialization marked by the fading of the state’s boundaries. That is, causing the world integrated into global society (Nurika 2017, 130).

The impact of globalization partly believed to leads towards a positive direction, in which the access to technology, information services, and capital markets benefited to local business groups. Those who believe this, would highly enthusiast due to the dominant role of local and regional institutions that would direct the community into prosperity, peace, and security. Thus, the group of pro-globalization or hyper-globalist believed that the consequences of globalization must be perceived as a matter of personal and collective responsibility (Sasmita 2015, 193). That is assured that the public, private companies, and the government must integrate with each other to make the globalization fairer and equitable for all parties.

On the other hand, the skeptic-globalists consider that globalization is nothing but the domination of "The First World" over the "Third World" states. As stated by them, globalization has caused the local wisdom replaced by global wisdom. In addition, the social and economic existence would highly interfere by foreign parties, thus has generated into the global capital system. The main argument of this school is that globalization will become the root growth of capitalist power emanate from developed countries (Ashcroft et al. 2007, 101).
Research Methods

In this paper, the author uses qualitative research methods. According to John W. Creswell, Qualitative research methods used when the author conducts research regarding social phenomena. That is, the authors could fully understand and analyze deeply through related sources (Creswell 2008, 175). Therefore, the author undertakes series steps to reach a comprehensive conclusion. This research method is expected to be able to present the results to answer the research questions.

For the first step, the author would determine the theme and title of the paper. Furthermore, the authors would collect the data that is needed to support the written arguments. The data obtained through the literature study such as books, journals, news articles, annual reports and press releases from relevant institutions or agencies. The next step is to establish the theories and concepts that will be used as tools of analyses. The data then analyzed using the theories and concepts to obtain an accurate argument. The data that has been analyzed is presented in the narrative text to draw conclusions which can represent the equipped study.

Globalization as the Cause of the Hampered of EU-US TTIP

The TTIP policy is contained in the fact sheet and comprises the main regulations governing the implementation of cooperation between the EU and US. The TTIP agreement enables the EU and US to intensify their cooperation in divers’ scope, as well as tools for distributing strategic resources that have high selling price (European Commission on Trade, 2015a). For both parties, this agreement aims to produce more compatible trade regulations to be applied in each regions’ domestic sphere and eliminate the trade barriers. Furthermore, it could formulate employment (European Commission on Trade, 2015b), which could increase economic growth and able to contend globally.

Additionally, in accordance with the TTIP negotiations, the EU proposed the establishment of a Regulatory Cooperation Body (RCB) which tasked with regulating the priority of cooperation, publishing routine annual and monthly
reports, and interacting with external parties such as trade unions, civil society organizations and consumers (Bureau Europeen des Unions de Consommateurs (BEUC) 2015, 6). Concisely, the RCB is a forum expected to be able to maintain transparency of cooperation between two parties.

Regarding production, the TTIP has a Sanitary and Phytosanitary (SPS) as food safety regulation to secure the consumer's health. It is also a way to maintain public trust in agricultural and livestock products, which has been the livelihood for people in small towns and rural area in Europe. With the existence of SPS, consumers do not need to worry about the spread of diseases from animals and plants that have been distributed. This is because SPS has used international standards from the World Trade Organization (WTO) regarding the distribution and safety of food products which follows the scientific principles (Khan et al. 2015, 36).

In the trade area, the EU focuses on eight front sectors. First, the chemicals, related to harmonizing the classification and labeling of chemical products in the EU and US (European Commission on Trade, 2015c). Second, cosmetics, related to safety assessment methods and how to produce the cosmetic, international standard labeling, and routine surveillance of the International Cooperation on Cosmetics Regulation (ICCR) (European Commission on Trade, 2015d). Third, the engineering industry consists of regulations regarding mechanical equipment and products, as well as electricity and electronics (European Commission on Trade, 2015e). Fourth, the medical equipment sector that strengthens the EU-US cooperation in the International Medical Device Regulators Forum (IMDRF) (European Commission on Trade, 2015f).

Fifth, the vehicles sector used as a tool to achieve the regulation standard on vehicle production without reducing product quality standards, and be able to create innovative technologies (European Commission on Trade, 2015g). Sixth, the cooperation in the pharmaceutical sector, aims to examine medicinal products and medical care from the authorities. The purpose is to ensure that the medicinal products and care are safe and have high quality (European Commission on Trade, 2015h).
Seventh, in terms of the service sector, the TTIP would create new opportunities for European professional workers to practice in the US and vice versa. That is expected to influence and strengthen the domestic financial stability of each state (European Commission on Trade, 2015i). Eighth, the regulations in apparel and textiles sectors regulate the exports and imports mechanism undertaken by both parties, as well as guarantees the textile product security (European Commission on Trade, 2015j).

The Impact of Globalization

Although the elite insisted to actualize the TTIP agreement, some European Union communities have sharply criticized the decision. The first critique concerning on health effects regarding the policy of standardization and alignment of food standards. That is because European society tends to be protective pertaining to the source of food they consumed. According to them, the American farmers have used high-level of pesticides and additives in agricultural products than the common standards used by European farmers. This is certainly believed to have an impact on decreasing of food health insurance (Padmanabhan, 2014).

Furthermore, the program reform concerning banking and other financial institution in Europe has faced criticism and supposed to be aligned with the US regulations of financial institutions, with the aims to realize the economic stability of both parties. The idea has generated critics from the European community because the US had fairly strict banking regulations. That is, feared it would create economic disparity among communities. The emergence of the discrepancy is also inseparable from the criticism concerning the threat of employment and workers’ rights in Europe. That is because, in practice, the US does not fully adopt labor standards that have been regulated by the International Labor Organization (ILO). Furthermore, the research published by Tufts University in the US revealed that at least 600 thousand jobs predicted to disappear due to the implementation of TTIP (Padmanabhan, 2014).
The goal of TTIP for creating employment and boosting the economic growth was the classic terminology for European society. They believe that only the giant companies will gain advantages and benefit through this agreement. With the existence of the Investor-State Dispute Settlement (ISDS), US-owned companies can sue EU member states to arbitration bodies if these countries hindering the trade in goods and services, as well as investment owned by the US. Therefore, trade laws and policies likely considered to stands with the US companies more than the EU companies. According to the survey from the community named the European Initiative Against TTIP and CETA, in the process of negotiation, the stakeholders of the EU Commission will only listen to the opinions from representatives of giant companies. Meanwhile, the opinions coming from the consumers, civil society organizations and trade unions were not given much concern. In addition, the negotiations presupposed to be not transparent whereas the public representatives must agree regarding the results of the negotiations (European Initiative against TTIP and CETA, 2017a).

Henceforward, the large business companies would have profit-making opportunities compared with the small and medium business units in the European community. Moreover, the communities in EU states with low Gross Domestic Product (GDP) will be at greater risk of losing quality jobs, as well as a sustained decline in investment (BBC News Europe, 2015). The liberalization and privatization as products of globalization will be hard to be implemented throughout the world if the country and its people are not ready yet. This is the case in Europe if the TTIP agreement is applied.

**Globalization as the Cause of Disruption**

Through policies and its strategic sector, the TTIP could be a profitable forum to enhance the EU and US cooperation. However, up to now, the TTIP has not really been realized. Some challenges lie in the disagreement of the EU community towards these policies, and such challenges have led to the postponed of the TTIP negotiations.
According to Richard Snyder, the internal and external factors are guided by the government in determining the direction of its foreign policy (Sitepu 2011, 178). The external factor concerning this issue is the US, whereas the US is considered implementing a policy which merely benefits their owned-companies. Meanwhile, the internal factor is the European Union communities, including civil society organizations that demanding the TTIP agreement to be postponed. Because they fear that it will cause social and economic inequality, as well as the increasing competition of the job market.

In this case, the European community has a huge influence regarding the EU decision to postpone the TTIP agreement with the US. Therefore, the EU carries out careful consideration regarding the TTIP agreement. Besides, they also anxious over the disrupted regional stability due to public disapproval concerning the agreement which is considered only benefited the private companies (Bromund et al. 2014, 10).

Through TTIP, these two regions in the Atlantic Ocean will carry out trade, investment, agriculture, mining activities, to the technical standards of intellectual property rights (liberalization) freely (liberalization), without being affected by distance (deterritorialization), expansion of capitalism (westernization), policies alignment and standardization (universalization), as well as integration in the field of economy or internationalization (Monbiot, 2016). The consequences of TTIP implementation are feared to be highly influencing the process of democracy, rule of law, provision of public and consumer services, health services, education, environmental protection, up to the European culture. That is, the agreement will bind all the elements of society, including national and local authorities in both regions. Hence, through the Skeptic-Globalist view, the influence of globalization is immensely visible. As many as 820 million people required to obey the TTIP agreement, while the benefits solely enjoyed by a handful of people (European Initiative against TTIP and CETA, 2017b). It remains clear that the integration that has been established leading to one conclusion that is the discrepancy.
On a global scale, the discrepancy created by globalization will cause to loss of employment, as well as the strategic economic sectors for people in developing and less developed countries (Department of Economic and Social Affairs, 2013). As the main element of globalization, economic and social integration will bring negative effect if the state and society have not been able to manage it properly. Although believed to be global technology advances era, globalization will ultimately be perceived as the source of disparities in many states’ aspects inter alia the economic, social and political spheres. This conviction was then adopted by the EU community, so they were skeptical over the profitability of the TTIP agreement which was considered obtained and enjoyed only by corporations or large companies. This skeptical view becomes a challenge for the EU to implement TTIP in the region. Therefore, heretofore the TTIP agreement was postponed in October 2016 and still hasn't continued.

Conclusion

From the discussion above, one can assume that globalization has an impact on the lack of public trust towards the government. In this case, the European community explicitly criticized the TTIP agreement because it apparently perceived as a form of economic liberalization launched by the US through its corporation. The entry of ‘Made in American’ products into the European market plausibly would cause a decrease in demand of European local products. In addition, harmonizing food safety standards, the regulations on financial institutions, public services and health, education, and employment will lead to inequality among various levels of society as well as elites and business people. Although globalization believed to boost the development of modern civilization era, the negative impact regarding inequality, public mistrust, and disintegration remains unavoidable.
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Book


Journals


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