

UDC 339.92

JEL CLASSIFICATION: F36, F23

GLOBAL RIVALRY AS A DRIVING FORCE OF THE TRANSATLANTIC ALLIANCE

Józef Antoni HABER

MSc in Economics, PhD in Political Sciences, Honorary Professor of Jean Monnet Project, European Union, Honorary Professor of the Ukrainian Academy of Banking of the National Bank of Ukraine, Full Member of the Ukrainian Philosophy and Economic Scientific Society

Анотація. У статті досліджено політичні та економічні причини виникнення Трансатлантичного Альянсу. Визначено його вплив на глобальний ринок, позитивні та негативні наслідки для політичної ситуації у світі. Автор аналізує шляхи підвищення ефективності функціонування Трансатлантичного Альянсу.

Аннотация. В статье исследованы политические и экономические причины возникновения Трансатлантического Альянса. Определено его влияние на глобальный рынок, положительные и отрицательные последствия для политической ситуации в мире. Автор анализирует пути повышения эффективности функционирования Трансатлантического Альянса.

Ключові слова: трансатлантичний Альянс, глобальний ринок, світова торгівля, політична ситуація.

Ключевые слова: трансатлантический Альянс, глобальный рынок, мировая торговля, политическая ситуация.

History of the Transatlantic Alliance is very long. There is no doubt, that it started since the American State-Birth in the XVIII the century. Both continents had a lot of common political goals specialty France and newly created American State. Europeans influenced the whole history of the United States of America. It is obvious, that European philosophy and political, theoretical writings have had a great influence on American political and intellectual elites. However new experiences and self-identity in America brought growing up feeling of new democratic style of Policy towards global way of thinking. Since the beginning of XIX the century it was already clear, that new State is globally oriented. So, there is no doubt, that great war of North and South was a sign, that new American order is born. At the edge of XIXth century America was growing up its economic potential. However time of a Great Crisis show kollaps of liberal economy. Government engagement through New Deal show important role of state intervention in solving economic troubles. Not only in America. This new economic tool in national economy is till today of great importance.

Becoming superpower, especially after the World War II, for long years the USA influence all European life. Not only the Western Europe. Transatlantic

ties are since the end of WW II very close in political, economic and military sense. That's why political, economic or public opinion in general is interested in newly started the USA and the EU negotiations on Transatlantic Trade and Investment Partnership (TTIP). There are different arguments to do so, but some of them are of special importance.

Within last twenty years global power geometry has been radically changed. Bipolar system does not exist anymore. We are faced with multipolar system of superpowers pretending to be at least to be equal with the USA. But it does not work because the USA as a superpower does not want to be equal to anyone on global stage. The whole fraseology on equality is only for good public relations performance. In fact every activity undertaken by others showing a wish to be equal with American state meets re action on different fora. Who is pretending to the hegemonial position? There are three other pretendents: China, Russia and the European Union. Obviously we will meet opinions, that there is no truth. The most reaction is from Russian side, that we have no hegemonial or imperial policy. The less is from China, which wants to be on the right place within the world whatever it means. The European Union in the last two strategies: Lisbon and Europe 2020 has a goal to be simply

the best and most competitive economy in the world. For the European Union there are four major steps to achieve this goal: Fiscal, Banking, Economic and at last Political Union. But there are no legal acts to permit this as the Lisbon Treaty established the European Union as an international organization not a super-state with one European Government (instead of European Commission) and the European Parliament ruling the life of the United States of Europe. Does not sound as hegemonial dream? Yes, it sounds like this. The time of financial and monetary crisis is in favour of such activity of some European politicians because people have a fear of their own economic and social security, as unemployment rate within the EU dramatically increased and is highest in the history of European integration. Some of the most important members of the EU have export oriented economy as for instance Germany. This makes a lot of troubles if some competitors want to be better than the EU, even the USA. The old paradigm of competition is fight of interests. So there is no doubt, that new Alliances are needed to strengthen position of a competitor or competitors. This is the case of the USA and the EU talks.

The American trade policy developed quite impressive idea of Free Trade Agreements. This instrument of international influence on the world trade is actually based on North American Free Trade Agreement (NAFTA) with partners: Canada and Mexico. Besides the EU currently is negotiated plurilateral Trans-Pacific Partnership (TPP) with 11 countries of the Asia-Pacific region: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. It is very interesting configuration as it surrounds two other hegemonies China and Russia. But it does it mean, that China is a sleeping giant and this country recently developed interesting ties with Pacific Rim countries. The Free Trade Agreements Network on that area is as follows: with the ASEAN countries, Chile, New Zealand, Singapore, Peru, Costa Rica. Recently under negotiations is FTA with Australia [1]. China is proposing to start talks with the European Union to close FTA as well, because already is negotiating with Norway and what more with GCC (Gulf Cooperation Council): Saudi Arabia, United Arab Emirates, Kuwait, Oman, Qatar, and Bahrain [1]. As for today for Chinese trade preferential agreement is APTA (The Asia – Pacific Trade Agreement). APTA formerly known as the Bangkok Agreement (signed in 1975 as an initiative of the

United Nations Economic and Social Commission for Asia and the Pacific – UNESCAP). Seems to be, that China is joining the race for all those Alliances before the USA. This leads us to very important conclusion, that new FTA will have a direct impact on a trade relations in a global scale. Who will benefit of such agreements? I suppose, that first of all state-owned companies and multinational Corporation. In my conviction small and medium size enterprises sector will be situated in a very aggressive competitive environment.

TTIP will cover the USA and 28 Member States of the EU. In accordance to the Interim Report of the EU – U.S. High Level Working Group on Jobs and Growth „Transatlantic trade and investment constitute the largest economic relationship in the world, a relationship that is vital to the strength of our economies. The United States and the EU are committed to identifying new ways to strengthen this vibrant economic partnership.”[2]. Since the early beginning (it means since establishing on November 2007, the Transatlantic Economic Council, which later proposed to set up High Level Working Group) till today the both Partners are convinced, that to make more effective Transatlantic Alliance it is necessary to undertake action, among others, in following areas:

1. Elimination or reduction of conventional barriers to trade in goods, such as tariffs and tariff-rate quotas;
2. Elimination, reduction or prevention of barriers to trade in goods, services and investment;
3. Enhanced compatibility of regulations and standards;
4. Elimination, reduction, or prevention of unnecessary „behind the border” non-tariff barriers to trade in all categories;
5. Enhanced cooperation for the development of rules and principles on global issues of common concern and also for achievement of shared global economic goals [3].

The European Commission in its latest Report on Trade and Investment Barriers stated, that „trade is expected to drive most of the EU’s economic growth for the years to come. It will also provide one of the most important tests for our continent’s competitiveness on global markets via our industry capacity to consolidated regional value chains and be integral part of global ones [4]. Transatlantic trade is growing fast, but other competitors have as well the same goal to have better position in the trade with the USA. Following data show this development:

Table 1

U.S. Trade in Goods 1998-2013 (in millions of US dollars)

<i>Year</i>	<i>Partner</i>	<i>Exports</i>	<i>Imports</i>	<i>Balance</i>
1998	EU	151,967.0	180,549.8	-28,582.8
	Russia	3,552.7	5,747.2	-2,694.5
	China	14,241.2	71,168.6	-56,927.4
1999	EU	154,824.8	200,052.9	-45,228.1
	Russia	2,059.8	5,920.7	-3,860.9
	China	13,111.1	81,788.2	-68,677.1
2000	EU	168,181.1	226,900.8	-58,719.7
	Russia	2,092.5	7,658.5	-5,566.0
	China	16,185.2	100,018.2	-83,833.0
2001	EU	161,931.0	226,568.2	-64,637.2
	Russia	2,716.2	6,264.4	-3,548.2
	China	19,182.3	102,278.4	-83,096.1
2002	EU	146,621.2	232,313.4	-85,692.2
	Russia	2,396.9	6,870.1	-4,473.2
	China	22,127.7	125,192.6	-103,064.9
2003	EU	155,170.1	253,041.7	-97,871.6
	Russia	2,447.2	8,617.9	-6,170.7
	China	28,367.9	152,436.1	-124,068.2
2004	EU	171,229.6	281,958.6	-110,729.0
	Russia	2,961.0	11,891.3	-8,930.3
	China	34,427.8	196,682.0	-162,254.3
2005	EU	185,165.9	309,628.0	-124,462.1
	Russia	3,962.3	15,306.7	-11,344.4
	China	41,192.0	243,470.1	-202,278.1
2006	EU	211,886.9	330,481.7	-118,594.8
	Russia	4,700.3	19,828.3	-15,128.0
	China	53,673.0	287,774.4	-234,101.3
2007	EU	244,165.9	354,409.3	-110,243.4
	Russia	7,283.3	19,314.2	-12,031.0
	China	62,936.9	321,442.9	-258,506.0
2008	EU	271,810.1	367,617.4	-95,807.4
	Russia	9,334.6	26,783.0	-17,448.4
	China	69,732.8	337,772.6	-268,039.8
2009	EU	220,599.3	281,800.8	-61,201.5
	Russia	5,332.1	18,199.7	-12,867.6
	China	69,496.7	296,373.9	-226,877.2
2010	EU	239,591.0	319,263.8	-79,672.9
	Russia	5,993.7	25,691.1	-19,697.4
	China	91,911.1	364,952.6	-273,041.6
2011	EU	268,455.3	368,475.2	-100,019.9
	Russia	8,284.8	34,619.0	-26,334.2
	China	103,986.5	399,378.9	-295,392.4
2012	EU	265,359.6	381,207.6	-115,848.0
	Russia	10,699.5	29,380.8	-18,681.3
	China	110,483.6	425,578.9	-315,095.3

Table 2 (continuation)

2013*	EU	129,707.4	187,346.4	-57,639.0
	Russia	5,313.0	13,715.4	-8,402.4
	China	55,082.5	202,787.9	-147,705.4

* January to June 2013

Source: U.S. International Trade Data. U.S. Department of Commerce. United States Census Bureau

After analyzing above data on U.S. trade with the European Union, Russia and China we can immediately say, that Transatlantic trade is bigger than this with China. For the European Union foreign trade is Real engine for growth. Especially when we take into account, that majority of biggest exporters have domestic economy export oriented. It means, that decline in export will have heavy impact on the economic situation and especially on labour market.

On the other hand the European Union is the most important importer from the U.S.A. With this two-way trade Worth 646 billion US dollars in 2012, it was enough significant sign of power to other partners. So there is not only one way, as it seems to be with China, trade and in a result America has huge inequality in Trade Balance with China. However the Money is American but the problem is Chinese if one Day America will import more from other partners. Coming back to Transatlantic Free Trade there is no unanimous opinion, that we will have only positive impact on development of both sides. The problem is, that it is a lack of enough transparency in talks. That's why France called for transparency in the negotiations between the EU and the U.S.A. The biggest trade union organization in the U.S.A., AFL-CIO Agres with France on that question On the website of this organization there is statement of France's trade minister Nicole Bricq, which she sent to European Union Trade Commissioner Karel de Gucht. She stated: „It doesn't contain Any secrets. It's a political statement that calls for an agreement that respects our values and interests. It deserves to be debated. If the talks with United States are for a partnership, and if we are working as equals, than our practices need to change so that we speak the same language.” [5]. Why such a call for transparency in negotiations? Because Turing all negotiations to survive banking system in Europe and in the U.S.A. there was no transparency. There is no clear dato how much and where were pumped huge billions of Euro nad dollars? In the European Union almost trillion of Euros have been passe from European Central Bank to banking system. I underline to banking system not to economy as itself. When such giants as EU and USA negotiate the new Agreement always will be a fear what will

happen in the future for both economies? European Union is an international organization and that is why we have to be aware on all matters, which are under negotiations. Some of them, as protested already France, are excluded from negotiations as movie sector and cultural matters. May be it is first step to exclude other sector like agriculture, which is subsidized by Common Agriculture Policy in European Union. The competition from American side is really strong, but only that sector. We have Bear in mind the war for steel products from the USA to European Union. Nevertheless AFL-CIO is afraid of labour market and they „are optimistic that trade policy can be concluded in a way that protects Workers and promotes shared prosperity in the global economy.” [5]. AFL-CIO stressed, that: „This model of secrecy has blocked the general public from input for extremely important trade negotiations that have cost millions of U.S. manufacturing jobs [like in Detroit – my remark J.A.H.], allowed for trade benefits for repeat human rights violators and allowed global Corporation to challenge social and environmental protections in undemocratic tribunals. This is not the model of trade our working families deserve or need.”¹ It is American point of view. Clear and strong demand of democratic procedures, but they are Fully aware, that such Transatlantic Alliance will be the biggest and strongest economic and political power on a global scale. This conclusion is shared by almost all economists in a world and no „buts” or „ifs”. However for European Union it is not only the case of negotiating new trade agreement. Behind the doors the problems i show to achieve a political goal and to create European United States. In my opinion it is the most crucial question, because Transatlantic relations are, as I mentioned earlier, the core of building powerful Europe against other hegemony like Russia and recently China. It was already John Fitzgerald Kennedy who said on 4th July 1962 „We treat strong and united Europe not as rival but as a partner”. It was underlined by Klaus F. Zimmermann from the World Bank on the 50th Anniversary of Kennedy's speech [6]. Creation of this new Transatlantic Alliance will have some consequences of a global scale.

¹ Stella Kim op.cit

I would like to divide them into several sections, because in my point of view it will be more readable and show differences of regional agreements. It will be as well accordant to my assumption of existing four hegemonies.

First of all what this new Project will provide to Europe as a continent? To some extent the European Union, there is no doubt will boost its foreign trade with the USA. Some sectors will profit of an enlarged export and import, but only the problem will be what about the payments for the transactions. Last internal perturbances with the budget American and all discussions on the future of American currency without taking into account that the same perturbances has the European Union will lead us to nowhere. The USA will not design of its leading hegemony in the world and will make everything possible to maintain this position. For Europe it means, that American dollar still will preserve its global position and the EU's first task (especially for Euro zone) is to defend the achieved role of Single Market. If not it will be difficult to unite Member States for common position within new Transatlantic Agreement. More centralised European Union will cause real objection of Member States as for instance the UK and France. There is still no unity what about the national and European interests. The USA have significant Access to all informations within banking sector in European integration without mutuality. It is rather sign of a dependency not equality, because the USA do not want any equality. On the other hand so called Common Foreign Policy of the European Union, in my opinion does not exist. It is only formal with lots of spectacular meetings and photo opportunities not as an acting power of European integration. It is weakness giving American partner important advantage. The process of a future enlargement towards Eastern Europe must be prepared with protection of potential members interests within Transatlantic Agreement. It will be no strong support for that, taking into account all economic and social problems of Eastern Europe, like in Ukraine, it will no real Progress for development of those countries, but I forecast that rather they will lose dynamic part of labour forces with great damage for national development. Time will show how many years the period of the association with the EU will last? However this situation will change geostrategic geometry at this corner of Europe.

Secondly, Russia is a global player, but in my mind it overslept the time of transition its position within world's hegemony geometry and that's why Russian policy towards East Europe is so nervous. Unex-

pected movements on a global scene, like Mediterranean revolutionary changes, weekend reaction on the USA global activity towards building the new Alliance system with the goal to strengthen hegemonic position of the American state. Now Russia must not only to defend achieved position but to make efforts for remodelling policy versus Europe at all. I guess, that only one step could make the EU and the USA confused: the proposal of a future association with the European Union. The Custom Union with Russia as leading partner is too weak in comparison with the European Union and new Transatlantic Agreement. On the other hand, it is not so obvious for the public opinion, Russia loses its position within the BRICS. Even political influence is still important but economic power is not enough to compete with China, Brazil and South Africa together. I do not include India as this state has own dream of power. In a conclusion I think, that building new Transatlantic cooperation is in fact activity for limitation of influence of Russia in Europe. It does not mean, that will be no cooperation with Russia on European continent because of mutual economic security. Especially within energy sector, which seems to be crucial for future growth and development of every state.

Next hegemon is China. Chinese do not like the word „hegemon”, but in fact all Chinese history and civilization indicate the predisposition to be hegemon. Politics of China is very patient and slowly going to compete with global players of the world. Last events just confirm, that China is not a sleeping giant but in consequent activity is building own Network of cooperation especially on the Asia-Pacific Rim. It is very natural, that Europe, which depends of Chinese import, especially Germany, is in focus of Chinese foreign policy and trade. Rivalry is on-going process not a dream and we have to accept this fact and prepare the answer. That's why the European Union is going to develop new areas of cooperation with China being aware of growing potential of this partner. China is not in a hurry, but for Europe, with its demographic collapse it is very important to rebuild the human potential and public social requirements. China is growing its awareness of public needs and new open up policy is doing a lot to strengthen governmental policy to make more for economic and social progress. We have to be aware, that Chinese expansion toward Europe is consequently growing up and investments supported by the government are more visible. China is aware and convinced of its power, so that's why is not in a hurry. Chinese philosophy, especially of the tradition of Confucius that most important is individual responsibility to a so-

ciety, which makes society not only more powerful but as well more harmonious. We have to recognize China as multinational society with different nationalities and rich culture, different approaches and attitudes to the personal development and responsibility. All this makes as well many contradictions and it is an area of potential domestic conflicts, however growing level of living standard could moderate the situation and it is a main task of the Chinese policy.

Resources

1. China FTA Network. fta.mafcom.gov.cn/english, Mon. 19 Aug. 2013
2. Interim Report to Leaders from the Co-Chairs EU – U.S. High Level Working Group on Jobs and Growth, June 19, 2012. page 1.
3. Final Report High Level Working Group on Jobs and Growth, February 11, 2013.
4. Report from the Commission to the European Council. Trade and Investment Barriers Report 2013, Brussels, 28.2.2013, COM(2013)103 final, page 19.

Rivalry is in fact a paradigm of policy of many states who are involved into the group of interests of global players. National interests should be clearly described and achieved in a form of collaboration not in an open conflict, which could bring losses to both sides. Permanent research of that area is a strategic tasks of all countries and especially responsibility of scientific and academic institutions.

5. Stella Kim: AFL-CIO Agrees with France – it's High Time to Stop the Secrecy Around the U.S.-European Union Trade Negotiations; www.afl.cio.org, 07/31/2013.
6. Klaus F. Zimmermann: Freunde, nich Fremde. [in:] Die Welt, 4. Juli 2012.