# TTIP

## The Atlantic

#### Contention 1: The Atlantic.

#### Transatlantic Trade and Investment Partnership negotiations are stagnating, but Mexico wants in.

**Rines 10/29** – economist with Chilton Capital Management, Research Assistant at University of New Hampshire, former Summer Student Fellow at American Institute for Economic Research, education at Georgetown, Oxford, and Whittemore School of Business and Economics, equity analyst, writer for WSJ (Samuel, “Can TTIP Save the West?”, 10/29/13; < http://nationalinterest.org/commentary/can-ttip-save-the-west-9325>)//Beddow

After watching their economies stagnate and sputter forward, two economic titans are sitting down to talk about a trade agreement. Currently in the early stages of negotiation between the US and European Union, the Transatlantic Trade and Investment Partnership (TTIP) could be critically important (and positive) for the future of both economies. Already critical markets for one another, the EU and US trade relationship accounts for about 30 percent of global trade, and $1.5 trillion in current-account transactions. This relationship may become much cozier soon. Normally, free-trade agreements (FTAs) would break down the barriers to trade by lowering and removing tariffs, but tariffs are already low between the world’s two largest economies. Lowering nontariff barriers to trade (NTBs) is the true prize here. NTBs make up most of the actual impediments to trade between the US and EU, and include everything from technical requirements on goods to health and agricultural standards. Mutual recognition of standards—the EU recognizing the FDA stamp of approval in drug development, for example—is an area in which agreement could create a meaningful positive feedback to both economies. For the TTIP to have a pronounced economic impact, regulatory standards will need to be integrated significantly. With the US and EU together constituting 50 percent of the world’s economy, setting firm, mutually recognized standards could spur a de facto global standards regime. Because they are imperative, NTBs also run the risk of sidelining the TTIP as lobbies and interest groups apply political pressure. Externalities are already disturbing the trade talks. The recent U.S. government shutdown caused U.S. Trade Representative Michael Froman to cancel the second round of negotiations which had been scheduled for October 7—not the best way to begin an already delicate process. The recent NSA spying fiasco is stoking concerns over data privacy and lessening already tenuous trust in US institutions. Needless to say, there is a skeptical undertone to the intellectual-property portion of the talks. The French recently summoned the US ambassador with questions about the NSA’s activities, and President Obama was forced to call Angela Merkel to tell her the US was not tapping her phone. But while these may be embarrassing instances, the rewards for removing even a portion of the NTBs are too great to ignore. The EU will fight for the inclusion of language surrounding the protection of geographical indications (GIs). GIs—designations on goods indicating a specific geographical origin or a certain quality—are potentially very valuable. The US would argue that words like Parmesan and Pilsner indicate broad product categories, not specific places. A strengthening of GIs would benefit Europe, and some global marketing by US firms with certain products would have to change. Thus far, the US has not supported GIs as a global standard, but this may change if the EU concedes some controversial point(s) on their side. Genetically modified organisms (GMOs) are a potential flashpoint. Opposition to GMOs is strong in the EU, where all GMOs must be labeled. Part of the EU’s distrust of a potential settlement around GMOs is a broader threat to their perceived high level of consumer-protection standards. The EU’s “precautionary principle” requires the producer to prove that a product is not harmful to consumers, but the US adheres to a “science-based approach” where the product must be shown to be detrimental to health before its removal. The GMO issue is important for both sides. Europeans want to know about their food, and majorities of key US crops are genetically engineered. The EU already imports more agricultural goods from the US than any other country except Brazil, and the US is the largest importer of EU agricultural products. The US and EU need the TTIP, not only to compete more favorably with the emerging world, but to spur growth in a time of stagnation on both sides of the Atlantic. The OECD has estimated that the TTIP could boost the EU economy 3-3.5 percent. More than a million jobs could be created in the US. Spain and Italy could see 140,000, and the UK more than 400,000. And per capita income could rise more than 6 percent in Spain, 10 percent in the UK, and 13 percent in the US. Not everyone will be so thrilled. A successful TTIP would erode the value of trade agreements already in place. Some countries that have long been trade partners with the US and EU will suffer. The US’s NAFTA neighbors, Mexico and Canada, will suffer relative trade losses as their trade treatment loses its exclusivity. (This likely explains the recent push by Mexico’s ambassador to the United States, Eduardo Medina Mora, for Mexico’s inclusion in TTIP**.)** The BRICs (Brazil, Russia, India, China and South Africa) will find their long-standing advantages of low-cost labor and production slipping. In the case of a comprehensive agreement between the US and EU that includes the removal of at least some NTBs, the Bertelsmann Foundation estimates the BRICs loss of export and import trade at more than 30% to the US and EU. The TTIP is not the only FTA currently being negotiated by the EU or the US. The EU currently has 11 such negotiations underway. And they are set to discuss an investment agreement with China (though not an FTA). The EU estimates that if all their agreements were concluded and effected today, then 2.2 million jobs could be created and 2.2 percent added to the EU’s GDP. The US is involved in the Trans-Pacific Partnership (TPP) which completed its 19th round of talks and includes a host of countries from Asia and the Americas. Again, no BRIC countries are involved, and it would be the second largest FTA to the TTIP. The nations involved in the TTP comprise 38 percent of the world’s GDP, but US participation in the discussions is mainly political—a piece of the “Asian pivot”. However, the success of the TTIP is not guaranteed. France, which has little to gain from the TTIP and therefore little incentive to bargain, has already managed to exclude “cultural exceptions” from the talks. Meanwhile Germany and the UK, which have the most to gain, are looking for the most comprehensive TTIP possible. The TTIP could, in fact, be a reason the UK has stayed in the EU. The TTIP is not a silver bullet. Its potential economic benefits should be met with at least some skepticism. The predicted gains are almost too good to be true. Consider this: If the US were to gain the entirety of its 1.1 million potential jobs today, it would reduce the unemployment rate to the Fed’s target of about 6.5 percent from 7.2 (assuming all else equal). It is probable the expectations for the negotiation will prove to be somewhat optimistic, and leave many NTBs untouched and mutual regulatory standards undetermined. The US and EU are in desperate need of growth and job generators at the moment. A bold TTIP alters the global playing field, tipping the trading field in favor of the developed world. While politically difficult, its ultimate outcome has significant ramifications for the future of global trade and regulatory standards. The economic benefits, sorely sought by both sides of the Atlantic, outweigh some of the differences in regulatory thought. With the prospect for meaningful GDP and job gains in the US, maybe the TTIP is just the push the U.S. economy needs to attain escape velocity and for the EU to begin to reduce unemployment and reaccelerate growth. It is time for the West to regain its place of leadership and prominence in the global economy.

#### Including Mexico in TTIP negotiations leverages the entire South American market – saves EU and US economies.

**Meacham 7/25** – director of the Americas Program at the Center for Strategic and International Studies in Washington D.C., former senior advisor for Latin America and the Caribbean on the Senate Foreign Relations Committee to Senator Richard Lugar (Carl, “The Trans-Atlantic Trade and Investment Partnership: Mexico Wants In – Why not?”, 7/25/13; < http://csis.org/publication/trans-atlantic-trade-and-investment-partnership-mexico-wants-why-not>)//Beddow

On Wednesday, July 24, the CSIS Americas Program hosted Mexico’s ambassador to the United States, Eduardo Medina Mora, to discuss North America’s competitiveness in the global economy. Under this broad umbrella, there has been one question increasingly posed by policymakers in the Western Hemisphere and the private sector alike: why isn’t Mexico part of the Trans-Atlantic Trade and Investment Partnership (TTIP) negotiations?—and the ambassador affirmed Mexico’s firm support for the country’s inclusion. The negotiations for the TTIP, the long awaited free trade agreement (FTA) between the United States and the European Union (EU), launched two weeks ago. Though the start of the talks were initially marred by intense political tensions caused by the recent revelations of U.S. global espionage operations, both parties decided to move forward, given how much both stand to benefit from the agreement. The agreement aims to remove existing trade barriers on a variety of economic sectors between the EU and the United States in order to promote investment flows, facilitate commerce, and boost economic growth and job creation on both sides of the Atlantic**. If the negotiations are successful, the TTIP will be the biggest trade agreement in history, encompassing 40 percent of global output.** Yet, while **Mexico** is a member of the North American Free Trade Agreement (NAFTA), remains among the United States' top three trade partners, and already has an FTA with the European Union to build upon, it **remains on the negotiating sidelines.** And in recent talks at CSIS, including by the National Security Council’s Latin America head as well as the EU’s manager for the Americas, there does not appear to be much interest in including Mexico in talks that are, admittedly, already complex. But **if both the United States and the EU are looking to foster economic growth and employment through trade liberalization, why not transform these EU-U.S. talks into an EU-U.S.-Mexico agreement?** Q1: What does the Mexican economy look like today? What free trade agreements does the country already belong to? A1: While much of the focus on Mexico from the United States remains on security and immigration, it is the country's increasing competitiveness and economic liberalization that merit attention. Mexico, Latin America's second largest economy, is currently a member of 12 different FTAs involving 44 other nations, making it among the most open of the world's leading economies. In 2011, a full third of Mexico's gross domestic product (GDP) was comprised of exports and imports. In contrast, just 15 percent of U.S. GDP was derived from the same. Mexico's extensive network of FTAs includes most of the Western Hemisphere, Israel, and Japan. It also belongs to an economic partnership with the European Union (enacted in 2000) and to NAFTA—the world's largest FTA to date, with a combined GDP of $17 trillion linking 450 million people. Last year, Mexico joined the Trans-Pacific Partnership (TPP) negotiations, a high-standard FTA among a number of Pacific Rim countries that remains in the works. It is also a member of the World Trade Organization (WTO), the Asia Pacific Economic Cooperation (APEC), the Organization for Economic Cooperation and Development (OECD), the Latin American Integration Association (ALADI), and the emerging Pacific Alliance, a free trade and integration effort that hopes to become the commercial bridge between the Americas and the Asia Pacific region**. Mexico alone is a bigger market for the United States than all the BRIC economies combined, and growing opportunities for trade and investment in the economy solidify this status moving forward**. Q2: Why has Mexico been excluded from TTIP negotiations to date? A2: **While Mexico's recent economic growth has proven impressive, entering the TTIP would provide a meaningful surge for the Mexican economy, potentially propelling it into the proverbial big leagues**. Mexico's interest in being included in the agreement is no secret, but both the United States and the European Union have ignored the petition, claiming inopportune political circumstances. The reasoning here is twofold. First, given the years of encouragement that preceded the formal start of EU-U.S. negotiations, neither party wishes to jeopardize what could be the biggest FTA in history by bringing more participants on board--regardless of the value their inclusion adds. Leaders from both the United States and the EU think this would bring a long and burdensome political process that could prove detrimental for the negotiations. And though both have shied away from anything that might complicate the process of reaching an initial agreement, neither has rejected the idea of accepting more members down the road, once the agreement is consolidated. The second argument is more of a corollary to the first. At his talk with the Americas Program last week, Christian Leffler, the EU’s managing director for the Americas, explained that because Mexico already shares FTAs with the United States and the EU, including Mexico in the TTIP can be seen as superfluous—at least for now. Particularly given the drag additional parties could put on negotiations, the benefits of including Mexico, so the argument goes, fail to outweigh the potential costs. Q3: Why should Mexico be included in the ongoing TTIP negotiations? A3: In simplest terms**, all three parties stand to gain from including Mexico in the TTIP negotiations. While Mexico does have standing trade agreements with the United States and the European Union, both are seen as outdated**. EU Trade Commissioner Karel De Gucht called for the modernization of the current Mexico-EU agreement last November, and NAFTA modernization including the energy and telecommunications sectors, both of which were excluded when the agreement entered into force nearly 20 years ago, would greatly advance the political and economic interests of the United States. Mexico's stake in being included the agreement is straightforward. The sheer size of the proposed market, coupled with the added competitiveness Mexico would lose out on should it remain excluded, together provide a compelling rationale for why TTIP membership is in Mexico's interests. **It is important for the United States and the EU to remember that Mexico brings a lot to the negotiating table. First,** Europe, in dire need of economic reinvigoration and expanded employment, has much to gain from Mexico's liberalized trade with the rest of the world--and its need for foreign direct investment**. Second**, the U.S.-Mexican economic interdependence implies that indirectly, the more Mexico enhances its global trade relationships, the better off the United States is as well. **Finally,** because Mexican supply chains are already closely linked to the rest of Latin America and the Asia Pacific region, both the United States and the European Union stand to gain from increased access to those markets as well, and that access could come by means of Mexico's inclusion in the TTIP, given its membership in both the TPP and the Pacific Alliance. **Just as NAFTA transformed the relationship between the United States and Mexico, a TTIP that brought our southern neighbor on board could do the same for transatlantic relations.** Given its global commercial links, and growing economy and productivity, it makes more sense than ever to bring in one of our biggest economic partners to the TTIP. Conclusion: Mexico is reemerging as a leading destination for foreign investment given the country's low production costs, proximity to the U.S. market, recent sweeping reforms in key economic sectors (and more expected to come), and emerging economies of scale in high-skilled industries. Engaging in the dynamic free trade opportunities the TTIP offers will spur North American and transatlantic economic cooperation alike--and strengthen all parties' competitiveness globally.

#### Scenario 1: EU Economy

#### EU recovery’s fake – data doesn’t assume demand-side limits.

**Foroohar 8/15/13** assistance managing editor for Time in charge of economics and business(Rana Foroohar, 15 August 2013, “Europe’s False Recovery,” Time Magazine, http://business.time.com/2013/08/15/europes-false-recovery/)//KP

When is a recovery not a recovery? When it comes in the euro zone. On Wednesday, Europe officially vaulted out of its longest recession since the creation of the single currency, growing 0.3% after shrinking exactly that much in the first quarter. While that still only adds up to 0% growth, European officials are already lauding their “success” and attempting to rebrand their much maligned economic formula of austerity. “The data … supports, in my view, the fundamentals of our crisis response: a policy mix where building a stability culture and pursuing structural reforms supportive of growth and jobs go hand in hand,” said Olli Rehn, the E.U.’s Commissioner for Economic and Monetary Affairs. The markets, desperate for a bit of good news in Europe, are now hoping for more: investors are more bullish on euro-zone equities than at any time since January 2008, according to a monthly fund managers’ poll from Bank of America Merrill Lynch. But a better European stock market presupposes continued economic growth. And if you look closely as the last quarter recovery, it’s built on shaky foundations, like a one-off weather-related rebound (German and French construction picked up after a long, slow, cold winter), as well as a boost in export demand from outside Europe that German manufacturers themselves say probably won’t continue. Credit is still tight, which will constrain business investment, and while consumer spending has picked up a bit, French and German shoppers can’t make up for a lack of demand in countries like Spain, Italy and the Netherlands, which are still in recession. Meanwhile, some 20 million people in the euro zone are still out of a job — a record 12.1%. That’s unlikely to change anytime soon. The problem is as it always has been: an unresolved debt crisis precipitated by an E.U. built on faulty foundations. As I explained recently in a TIME magazine article about how Germany must save the euro to save itself, austerity hasn’t worked at all — and bailouts have merely papered over the fact that the E.U. isn’t an integrated economic union, but rather a collection of states operating on two speeds, with no integrated fiscal policy. “The return to modest rates of economic growth in the euro zone as a whole won’t do much to address the deep-seated economic and fiscal problems of the peripheral countries,” wrote Jonathan Lyons, chief European economist of London-based Capital Economics, in a note to clients. “Indeed, stronger growth in the core could even have some negative effects on the periphery by maintaining an undesirably strong euro and deterring the European Central Bank from providing further monetary stimulus.”

#### Increased Latin American trade key to European economic recovery.

**Ferreira 8/1** – candidate for Masters of Public Administration at Cornell University, writing for WorldPolicy (Luis A., “The European Union’s Trade with Latin America”, 8/1/13; <http://www.worldpolicy.org/blog/2013/08/01/european-unions-trade-latin-america)//Beddow

As the European Union searches for solutions to problems within its economic model, it is imperative that it finds ways to stimulate economic growth. Given that trade is one of the European Union’s foundational characteristics, it should look to expand trade as a means of promoting growth. Although Asia often grabs headlines due to its economic performance, and Brussels has begun negotiating a free trade agreement with the United States, **the European Union should put effort into expanding trade with Latin America**, a region that has seen significant economic growth in the last decade and has strong economic ties with Europe. In the last 10 years trade between the European Union and Latin America doubled to around $280 billion. The European Union has free trade agreements with the Central American and Caribbean countries, with the members of the Pacific Alliance -- Colombia, Chile, Mexico, and Peru -- while similar talks are in progress with Mercosur, which comprises of Argentina, Brazil, Paraguay, Uruguay, and Venezuela. Additionally, a recent UN Economic Commission for Latin America and the Caribbean (ECLAC) report shows that Europe is essential for Latin America’s development, with European foreign direct investments (FDI’s) outmatching those from China, India, and Russia. Europe already trades extensively with Latin America. Last year, the European Union exported over $145 billion to Latin America, or 6.5 percent of its total exports, with more than $52.12 billion to Brazil and $36.76 billion to Mexico alone. Meanwhile, America Móvil, a Mexican telecommunications company, doubled its investment in Europe to $25,597 billion from 2011, with Austria and the Netherlands receiving $4.48 billion. Spain is equally involved in Latin America, with half of the profits in 2011 from Spanish banks coming from their Latin American branches, while in 2010 these subsidiaries sent $151 billion to Spain. These figures illustrate strong regional commerce. While this is a good foundation, European-Latin American commerce must be expanded further. The European Union can aid this process by finalizing its free trade agreement with Mercosur, while also reducing agricultural tariffs. The end of the 20 years banana dispute last November, in which the European Union agreed to reduce its tariff on bananas, was a good step forward. While securing the free trade agreement and altering European Common Agricultural Policy tariff will not be easily accomplished, the completion of both would significantly boost trade and **invigorate European growth**. Given their strong economic and social ties with Latin America, Spain and Portugal can lead the way. In early June, Spanish Foreign Minister Jose Manuel Garcia-Margallo reiterated Latin America’s importance to Spain during talks with EU High Commissioner, Catherine Ashton. Portugal has also benefited tremendously from Brazil, with President Dilma Rousseff pledging solidarity and calling for an expansion of trade between the two countries. Similarly, both Madrid and Lisbon have led European ties with Latin America through the Organization of Ibero-American States (founded in 1949) and its annual Ibero-American Summits (started in 1991). Finally, despite their disappointment, the EU-Latin America summits, which began in 1999, should continue so that leaders from both sides have a forum to expand relations on strengthening democracy, the rule of law, international peace and political stability. This past January’s EU-Latin America summit in Chile failed to deliver on European leaders’ hope of finalizing the free trade agreement with Mercosur, yet it delivered a declaration calling on legal safety for European investments. Although the European Union’s largest problems are institutional and the Union cannot rely on trade alone to pull itself out of recession, it has a great opportunity to begin its economic recovery by expanding commerce with Latin America. As Latin American economies continue to increase, the European Union should use that opportunity for its own growth.

#### European economic decline causes EU-breakup and Eurowar.

**Schwarz 11** – International Committee of the Fourth International (Peter, “The Unravelling of the European Union”, 11/14/11; <http://www.wsws.org/en/articles/2011/11/pers-n14.html>)//Beddow

Less than a year ago the demise of the euro and the breakup of the European Union were generally conceived of as unthinkable. Now, they are the dominant themes in European politics and in the media. German Chancellor Angela Merkel recently warned parliament, “If the euro fails, Europe fails.” Similar warnings have been made by French President Nicolas Sarkozy. Not only the notoriously euro-skeptical British press, but also such pro-European papers as France’s Le Monde and Germany’s Die Zeit are no longer excluding the failure of the common European currency. European Commission President Jose Manuel Barroso has described the economic consequences of such a development in the starkest terms. **The collapse of the euro zone would cause an economic crash that would instantly wipe out half of the value of Europe's economy, plunging the continent into a depression** as deep as the 1930s slump, he has declared. But the alternative proposed by Merkel, Sarkozy and Barroso to avoid such a catastrophe is not less disastrous. It amounts to setting up a dictatorship of the financial markets over every aspect of social life. Recent events in Greece and Italy confirm this. In each country a government of experts selected by the EU is being formed without any democratic legitimacy. Its task is to decimate the living standards of the people by implementing unprecedented austerity measures. In fact, “saving” the euro by means of austerity measures and the breakup of Europe are not opposite, but rather parallel political strategies serving the same basic aim. The recent EU summit in Brussels set the course for both. It dictated punitive austerity measures for Greece and Italy and subordinated the Greek budget to the control of the “troika”—the European Union, the International Monetary Fund and the European Central Bank. At the same time, it did not exclude the exit of Greece from the euro zone. Merkel’s chancellery has already prepared studies on the financial implications of such a step, and if one country leaves the euro zone, it will hardly be possible to avoid the exodus of others. Yet another fault line in the EU has been deepened by the Brussels summit. Its decision to coordinate the financial and economic policies of the 17 euro nations more closely and form some sort of economic government will marginalize the ten EU member states that remain outside the euro zone. The division of Europe into a core dominated by Germany and France and an impotent periphery is being prepared. London, in particular, has sharply protested against this step. The European Union is faced with an insoluble dilemma. **If the euro fails, the EU breaks up.** But if the euro is kept alive by a core Europe dominated by Germany or by Germany and France, that will also lead to the breakup of Europe. In both cases the **result will be the balkanization of Europe and a relapse into the type of national conflicts that produced two world wars in the last century.** Marxists anticipated the breakup of the European Union long ago. In the 1920s, Leon Trotsky, who considered the unification of Europe an urgent necessity, published several articles on the theme. He pointed out that it was impossible to unify Europe on a capitalist basis because capitalist property is inseparably bound up with the nation-state. The bourgeoisie, in conflict with the working class and in competition with its international rivals, needs the nation state to defend its class interests and cannot do without it. In an article published by Pravda in 1923, Trotsky wrote: “Europe cannot develop economically within the state and customs frontiers imposed at Versailles. Europe is compelled either to remove these frontiers or face the threat of complete economic decay. But the methods adopted by the ruling bourgeoisie to overcome the frontiers itself had created are only increasing the existing chaos and accelerating the disintegration.” In 1989, when the Stalinist regimes in Eastern Europe were faltering and illusions about a prosperous capitalist Europe were being widely promoted, the International Committee of the Fourth International wrote in its European Election Manifesto: “The European single market does not mean the unity of Europe. Quite the opposite, it only creates the arena for the most powerful European conglomerates, which have already fought two world wars in this century, to renew their struggle for European domination. It goes along with a new wave of capital concentration and monopolization and raises existing political, economic and social contradictions to new heights.” Recent events have fully confirmed this analysis. The advances made in the economic integration of Europe during the second half of the Twentieth Century were the result of extraordinary historic circumstances—the suppression of the class struggle by Stalinism and Social Democracy and the immense economic power of the United States, which provided the basis for the revival of the war-ravaged European economy with the Marshall Plan and the establishment of the dollar as the world reserve currency. The common front against the Soviet Union in the Cold War also helped to weld the Western European powers together. But even the most economically powerful nation-state could not provide a lasting and viable framework for the progressive development of the world economy. The attempt of the United States to reconstruct world capitalism under its tutelage and domination only created the conditions for the rise of powerful rivals in Europe and Asia and its own decline. The conflicting national interests were never overcome, however. Rather, the process of European integration proceeded generally in accordance with the national interests of all those involved: Germany got easier access to export markets; France obtained a means to control its traditional German foe; Britain gained access to the European market after the demise of its empire while retaining the special role of the City of London. Now, the **economic decline of the US and the international financial crisis are reviving the national antagonisms in Europe.**

#### European war goes nuclear – draws in US.

**Glaser 93** – Professor of Public Policy at University of Chicago [Charles L., International Security , Summer, p. 8-9]

However, although the lack of an imminent Soviet threat eliminates the most obvious danger, U.S. security has not been entirely separated from the future of Western Europe. The ending of the Cold War has brought many benefits, but has not eliminated the possibility of major power war, especially since such a war could grow out of a smaller conflict in the East. And, although nuclear weapons have greatly reduced the threat that a European hegemon would pose to U.S . security, a sound case nevertheless remains that **a European war could threaten U.S. security. The United States could be drawn into such a war , even if strict security considerations suggested it should stay out. A major power war could escalate to a nuclear war** that, especially if the United States joins, could include attacks against the American homeland. Thus, the United States should not be unconcerned about Europe’s future.

#### Extinction.

**MIT 09** –Political Science Department, well-sourced study theorizing hypothetical WWII with nuclear weapons (Massachusetts Institute of Technology, “Causes and Prevention of War: Nuclear War in Europe: A Thought Experiment”, Spring 2009; < http://ocw.mit.edu/courses/political-science/17-42-causes-and-prevention-of-war-spring-2009/assignments/MIT17\_42S09\_student8assign2.pdf>)//Beddow

In addition to providing information on nuclear strategies, studies of the Cold War gives historians accurate estimates of the damage a nuclear war would have caused. Most Cold War estimates indicate that a nuclear war between the United States and the Soviet Union would have destroyed 50-80% of both countries 12 . By applying these numbers to Europe in the early 1940's it is possible to estimate the total number of lives which would have been lost in a nuclear war. In the best possible case, only France and Germany would have used their nuclear arsenals obliterating each other, but causing little damage to the rest of Europe. At the time, the population of France was approximately 40 million people, and Germany (including Austria) reported a population just shy of 80 million people in 1938 13 . Combining these numbers with Cold War estimates, the best possible scenario ends with 60-92 million people dead. However, Britain probably would have joined France in a nuclear war, meaning the British population would also have been affected. Given that the population of Britain was about 50 million people before the war 14 , total deaths would have numbered about 85-117 million distributed between France, Britain, and German in proportion to their prewar populations. This is slightly higher than the 72 million actually killed in WWII and would have occurred much more quickly. This loss of human life would have been accompanied by decreased European productivity. After World War II, the combined Gross Domestic Product (GDP) of Britain, France, and German was about 750 billion dollars per year, a slight increase from the prewar years 15 However, after a nuclear war, production would have been effectively eliminated. Crops would have failed due to clouds of radioactive particles saturating the atmosphere, and almost all industry would have been targeted destroyed in the nuclear attack 16 . Hence ,the GDP of Europe after a nuclear war would have been many orders of magnitude lower than the actual GDP observed after World War II. This destruction of productivity, a net decrease of about 750 billion dollars per year, twenty-five percent of world production. These figures are substantially higher than those actually observed and the destruction would have occurred in a shorter amount of time--an axiomatically more intense war. These estimates of intensity ignore externalities (effects on countries not directly involved in the conflict) which would have significantly affected the intensity of the war. Specifically, **environmental and genetic damage would have had global consequences**. There has never been a large scale nuclear war, so it is difficult to predict the environmental response; however during the Cold War, certain "doomsday" theories were postulated. The theory of nuclear winter speculates that a large scale nuclear war could potentially destroy humanity by clouding the skies with radioactive dust 17 . Although the extent to which this would have occurred is debated, it is likely that any large scale nuclear war would result in a significant number of deaths due to environmental damage 18 . A second externality presented by a nuclear war is the dispersal of radioactive material. The radiation from this material would have increased genetic mutations worldwide leading to reduced life expectancies and a general degradation in quality of life. These factors would have significantly increased the intensity of a European nuclear war.

#### Scenario 2: Warming

#### EU leadership mitigates the worst impacts of warming.

**EU 7/1/13** – (European Union, “What is the EU doing about climate change?”, 7/1/13; < http://ec.europa.eu/clima/policies/brief/eu/index\_en.htm>)//Beddow

Preventing dangerous climate change is a strategic priority for the European Union. Europe is working hard to cut its greenhouse gas emissions substantially while encouraging other nations and regions to do likewise. In parallel, the European Commission and some Member States are developing adaptation strategies to help strengthen Europe's resilience to the inevitable impacts of climate change. Reining in climate change carries a cost, but doing nothing would be far more expensive in the long run. Moreover, investing in the green technologies that cut emissions will also boost the economy, create jobs and strengthen Europe's competitiveness. Preventing dangerous climate change **To prevent the most severe impacts of climate change, the international community has agreed that global warming should be kept below 2ºC** compared to the temperature in pre-industrial times. That means a temperature increase of no more than 1.2°C above today's level. To stay within this ceiling, the scientific evidence shows that the world must stop the growth in global greenhouse gas emissions by 2020 at the latest, reduce them by at least half of 1990 levels by the middle of this century and continue cutting them thereafter. Targets up to 2050 EU leaders have committed to transforming Europe into a highly energy-efficient, low carbon economy. The EU has set itself targets for reducing its greenhouse gas emissions progressively up to 2050 and is working successfully towards meeting them. Under the Kyoto Protocol, the 15 countries that were EU members before 2004 ('EU-15') are committed to reducing their collective emissions to 8% below 1990 levels by the years 2008-2012. Emissions monitoring and projections show that the EU-15 is well on track to meet this target. Most Member States that have joined the EU since 2004 also have Kyoto reduction targets of 6% or 8% (5% in Croatia's case) which they are on course to achieve. For 2020, the EU has committed to cutting its emissions to 20% below 1990 levels. This commitment is one of the headline targets of the Europe 2020 growth strategy and is being implemented through a package of binding legislation. The EU has offered to increase its emissions reduction to 30% by 2020 if other major emitting countries in the developed and developing worlds commit to undertake their fair share of a global emissions reduction effort. For 2050, EU leaders have endorsed the objective of reducing Europe's greenhouse gas emissions by 80-95% compared to 1990 levels as part of efforts by developed countries as a group to reduce their emissions by a similar degree. The European Commission has published a roadmap for building the low-carbon European economy that this will require. Taking the initiative EU initiatives to reduce greenhouse gas emissions include: The European Climate Change Programme (ECCP), which has led to the implementation of dozens of new policies and measures; The EU Emissions Trading System, which has become the EU's key tool for reducing greenhouse gas emissions from industry most cost-effectively; Adopting legislation to raise the share of energy consumption produced by renewable energy sources, such as wind, solar and biomass, to 20% by 2020; Setting a target to increase Europe's energy efficiency by 20% by 2020 by improving the energy efficiency of buildings and of a wide array of equipment and household appliances; Binding targets to reduce CO2 emissions from new cars and vans; Supporting the development of carbon capture and storage (CCS) technologies to trap and store CO2 emitted by power stations and other major industrial installations. Mainstreaming climate into other policies The fight against climate change concerns is increasingly being reflected in other policy areas. To further advance this "mainstreaming" process, the European Commission has proposed that at least 20% of the EU's budget for 2014-2020 should be spent on climate-relevant measures. **The EU at the forefront of international efforts The EU has long been a driving force in international negotiations on climate change and was instrumental in the development of the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.** Thanks to pressure from the EU and other progressive countries, UN negotiations are under way to draw up a new global climate agreement covering all countries and to achieve greater cuts in global emissions over the rest of this decade. The aim is to keep global warming below 2°C compared to the temperature that prevailed in pre-industrial times. The new framework is to be finalised by 2015 and implemented from 2020. The EU is pressing for an agreement that is ambitious, comprehensive and legally binding. As part of the transition to the future global climate regime the EU is taking part in a second phase of the Kyoto Protocol running from 2013 to 2020. As the world's leading donor of development aid, the EU also provides substantial funding to help developing countries tackle climate change, including just over €7.3 billion in "fast start" financing over 2010-2012.

#### Scientific consensus is that warming is real and anthropogenic – newest IPCC draft proves

**Gillis 8/19/13** environmental reporter for the New York Times (Justin Gillis, 19 August 2013, “Climate Panel Cites Near Certainty on Warming,” The New York Times, http://www.nytimes.com/2013/08/20/science/earth/extremely-likely-that-human-activity-is-driving-climate-change-panel-finds.html?pagewanted=all&\_r=1&)//KP

An international panel of scientists has found with near certainty that human activity is the cause of most of the temperature increases of recent decades, and warns that sea levels could conceivably rise by more than three feet by the end of the century if emissions continue at a runaway pace. The scientists, whose findings are reported in a draft summary of the next big United Nations climate report, largely dismiss a recent slowdown in the pace of warming, which is often cited by climate change doubters, attributing it most likely to short-term factors. The report emphasizes that the basic facts about future climate change are more established than ever, justifying the rise in global concern. It also reiterates that the consequences of escalating emissions are likely to be profound. “It is extremely likely that human influence on climate caused more than half of the observed increase in global average surface temperature from 1951 to 2010,” the draft report says. “There is high confidence that this has warmed the ocean, melted snow and ice, raised global mean sea level and changed some climate extremes in the second half of the 20th century.” The draft comes from the Intergovernmental Panel on Climate Change, a body of several hundred scientists that won the Nobel Peace Prize in 2007, along with Al Gore. Its summaries, published every five or six years, are considered the definitive assessment of the risks of climate change, and they influence the actions of governments around the world. Hundreds of billions of dollars are being spent on efforts to reduce greenhouse emissions, for instance, largely on the basis of the group’s findings. The coming report will be the fifth major assessment from the group, created in 1988. Each report has found greater certainty that the planet is warming and greater likelihood that humans are the primary cause. The 2007 report found “unequivocal” evidence of warming, but hedged a little on responsibility, saying the chances were at least 90 percent that human activities were the cause. The language in the new draft is stronger, saying the odds are at least 95 percent that humans are the principal cause. On sea level, which is one of the biggest single worries about climate change, the new report goes well beyond the assessment published in 2007, which largely sidestepped the question of how much the ocean could rise this century. The new report also reiterates a core difficulty that has plagued climate science for decades: While averages for such measures as temperature can be predicted with some confidence on a global scale, the coming changes still cannot be forecast reliably on a local scale. That leaves governments and businesses fumbling in the dark as they try to plan ahead. On another closely watched issue, the scientists retreated slightly from their 2007 position. Regarding the question of how much the planet could warm if carbon dioxide levels in the atmosphere doubled, the previous report largely ruled out any number below 3.6 degrees Fahrenheit. The new draft says the rise could be as low as 2.7 degrees, essentially restoring a scientific consensus that prevailed from 1979 to 2007. But the draft says only that the low number is possible, not that it is likely. Many climate scientists see only a remote chance that the warming will be that low, with the published evidence suggesting that an increase above 5 degrees Fahrenheit is more likely if carbon dioxide doubles. The level of carbon dioxide, the main greenhouse gas, is up 41 percent since the Industrial Revolution, and if present trends continue it could double in a matter of decades. Warming the entire planet by 5 degrees Fahrenheit would add a stupendous amount of energy to the climate system. Scientists say the increase would be greater over land and might exceed 10 degrees at the poles. They add that such an increase would lead to widespread melting of land ice, extreme heat waves, difficulty growing food and massive changes in plant and animal life, probably including a wave of extinctions. The new document is not final and will not become so until an intensive, closed-door negotiating session among scientists and government leaders in Stockholm in late September. But if the past is any guide, most of the core findings of the document will survive that final review. The document was leaked over the weekend after it was sent to a large group of people who had signed up to review it. It was first reported on in detail by the Reuters news agency, and The New York Times obtained a copy independently to verify its contents. The Intergovernmental Panel on Climate Change does no original research, but instead periodically assesses and summarizes the published scientific literature on climate change. The draft document “is likely to change in response to comments from governments received in recent weeks and will also be considered by governments and scientists at a four-day approval session at the end of September,” the panel’s spokesman, Jonathan Lynn, said in a statement Monday. “It is therefore premature and could be misleading to attempt to draw conclusions from it.” After winning the Nobel Peace Prize six years ago, the group became a political target for climate doubters, who helped identify minor errors in the 2007 report. This time, the panel adopted rigorous procedures in the hope of preventing such mistakes. Some climate doubters challenge the idea that the earth is warming at all; others concede that it is, but deny human responsibility; still others acknowledge a human role, but assert that the warming is likely to be limited and the impacts manageable. Every major scientific academy in the world has warned that global warming is a serious problem. The panel shifted to a wider range for the potential warming, dropping the plausible low end to 2.7 degrees, after a wave of recent studies saying higher estimates were unlikely. But those studies are contested, and scientists at Stockholm are likely to debate whether to stick with that language. Michael E. Mann, a climate scientist at Pennsylvania State University, said he feared the intergovernmental panel, in writing its draft, had been influenced by criticism from climate doubters, who advocate even lower numbers. “I think the I.P.C.C. on this point has once again erred on the side of understating the degree of the likely changes,” Dr. Mann said. However, Christopher B. Field, a researcher at the Carnegie Institution for Science who serves on the panel but was not directly involved in the new draft, said the group had to reflect the full range of plausible scientific views. “I think that the I.P.C.C. has a tradition of being very conservative,” Dr. Field said. “They really want the story to be right.” Regarding the likely rise in sea level over the coming century, the new report lays out several possibilities. In the most optimistic, the world’s governments would prove far more successful at getting emissions under control than they have been in the recent past, helping to limit the total warming. In that circumstance, sea level could be expected to rise as little as 10 inches by the end of the century, the report found. That is a bit more than the eight-inch increase in the 20th century, which proved manageable even though it caused severe erosion along the world’s shorelines. At the other extreme, the report considers a chain of events in which emissions continue to increase at a swift pace. Under those conditions, sea level could be expected to rise at least 21 inches by 2100 and might increase a bit more than three feet, the draft report said. Hundreds of millions of people live near sea level, and either figure would represent a challenge for humanity, scientists say. But a three-foot rise in particular would endanger many of the world’s great cities — among them New York; London; Shanghai; Venice; Sydney, Australia; Miami; and New Orleans.

#### Best methodology proves warming causes extinction in a few decades – positive feedbacks and tipping points.

**Guterl 12** – Executive Editor of Scientific American, expert in Climate and Environment, Science Policy, citing James Hanson, a NASA scientist (Fred, “Climate Armageddon: How the World’s Weather Could Quickly Run Amok”, 5/25/12; < http://www.scientificamerican.com/article.cfm?id=how-worlds-weather-could-quickly-run-amok>)//Beddow

The world has warmed since those heady days of Gaia, and scientists have grown gloomier in their assessment of the state of the world's climate. NASA climate scientist James Hanson has warned of a "Venus effect," in which **runaway warming turns Earth into an uninhabitable desert**, with a surface temperature high enough to melt lead, sometime in the next few centuries. Even Hanson, though, is beginning to look downright optimistic compared to a new crop of climate scientists, who fret that things could head south as quickly as **a handful of years**, or even months, if we're particularly unlucky. Ironically, some of them are intellectual offspring of Lovelock, the original optimist gone sour. The true gloomsters are scientists who look at climate through the lens of "dynamical systems," a mathematics that describes things that tend to change suddenly and are difficult to predict. It is the mathematics of the tipping point—the moment at which a "system" that has been changing slowly and predictably will suddenly "flip." The colloquial example is the straw that breaks that camel's back. Or you can also think of it as a ship that is stable until it tips too far in one direction and then capsizes. In this view, **Earth's climate is, or could soon be, ready to capsize, causing sudden, perhaps catastrophic, changes**. And once it capsizes, it could be next to impossible to right it again. The idea that climate behaves like a dynamical system addresses some of the key shortcomings of the conventional view of climate change—the view that looks at the planet as a whole, in terms of averages. A dynamical systems approach, by contrast, consider climate as a sum of many different parts, each with its own properties, all of them interdependent in ways that are hard to predict. One of the most productive scientists in applying dynamical systems theory to climate is Tim Lenton at the University of East Anglia in England. Lenton is a Lovelockian two generations removed— his mentors were mentored by Lovelock. "We are looking quite hard at past data and observational data that can tell us something," says Lenton. "Classical case studies in which you've seen abrupt changes in climate data. For example, in the Greenland ice-core records, you're seeing climate jump. And the end of the Younger Dryas," about fifteen thousand years ago, "you get a striking climate change." So far, he says, nobody has found a big reason for such an abrupt change in these past events—no meteorite or volcano or other event that is an obvious cause—which suggests that perhaps something about the way these climate shifts occur simply makes them sudden. Lenton is mainly interested in the future. He has tried to look for things that could possibly change suddenly and drastically even though nothing obvious may trigger them. He's come up with a short list of nine tipping points—nine weather systems, regional in scope, that could make a rapid transition from one state to another.

#### Scenario 3: US Economy

#### Latin American free trade key to U.S. growth and recovery

Noriega and Cardenas 12 – \*Former US State Dept Official, \*\* director with Vision Americas (“An action plan for US policy in the Americas,” December, http://www.aei.org/outlook/foreign-and-defense-policy/regional/latin-america/an-action-plan-for-us-policy-in-the-americas/)//BB

Key points in this Outlook: America’s economic crisis and threats to US security have undermined its traditional global-leadership role and weakened its connections to Latin American nations that continue to modernize their economies.¶ The United States must recover its regional credibility by taking bold initiatives to restore its fiscal solvency, while aggressively promoting trade, energy interdependence, technology transfer, and economic growth. ¶ The United States must then retool its strategy for its partners in the Americas by working with them to combat threats such as cross-border criminality and radical populism, encouraging dialogue with regional leaders, and ensuring law enforcement cooperation to develop a mutually beneficial relationship. ¶ ¶ A stable and prosperous Americas is indispensable to US economic success and security. The region is home to three of the top four foreign sources of energy to the United States, as well as the fastest-growing destinations for US exports and investment. Clearly, geography and shared values predetermine a united destiny for the United States and its neighbors in the Americas. How positive and fruitful that destiny will be depends on whether US policymakers, private businesses, and civil society move with a greater sense of purpose toward seizing promising opportunities and meeting critical challenges.¶ Times have changed. The US fiscal crisis and preoccupation with two distant wars have distracted policymakers in Washington and undermined US leadership in the Americas. Although access to the US market, investment, technology, and other economic benefits are highly valued by most countries in the Western Hemisphere, today, the United States is no longer the only major partner to choose from. Asia (principally China) and Europe are making important inroads. So, as US policymakers retool their strategy for the Americas, they must shelve the paternalism of the past and be much more energetic in forming meaningful partnerships with willing neighbors.¶ Of course, the United States must recover its credibility by making bold decisions to restore its own fiscal solvency, while aggressively promoting trade, energy interdependence, technology transfer, and economic growth. Then, Washington will be better positioned to cultivate greater economic and political cooperation among its neighbors, beginning with an open and candid dialogue with the region’s leaders about their vision, their challenges, and their priorities. Partnerships can thus be built on common ground.¶ The security challenges in the Americas are very real and growing more complicated every day. Illegal narcotics trafficking, transnational organized crime, and radical populism fueled by petrodollars and allied with dangerous extraregional forces pose daunting challenges. Although it is wise to prioritize a positive socioeconomic and political agenda, assessing and addressing threats is an indispensable prerequisite to achieving US security and regional leadership.¶ To make the most of their united destiny, the United States and its partners in the Americas should:¶ Promote and defend democracy, the rule of law, and human rights and private property as the building blocks of just societies, accountable governments, and prosperous economies;¶ Advocate and support the empowerment of individuals through the development of strong free-market economies, healthy private sectors, and free trade among nations;¶ Assist neighbors in addressing their essential security needs so they can grow in peace and be more effective allies to prevent or confront common threats;¶ Incentivize capital markets and encourage new and innovative technology cooperation to develop a regional community that is interdependent in the production and distribution of a range of products and services—particularly energy;¶ Confront international organized crime in Mexico and Central America by supporting effective law-enforcement institutions and competent judicial systems;¶ Work with willing allies to restore the Organization of American States to its essential mission of promoting and defending common values and meeting common threats;¶ Address the role of China and Russia in the Americas by encouraging open and transparent regional investment and trade and rejecting exploitive policies that undermine local societies, regional security, and economic growth;¶ Combat threats posed by authoritarian regimes and their ties with Iran, Hezbollah, and transnational criminal organizations; ¶ Assist the Cuban people in transitioning to a post–Castro Cuba by helping to jump-start their private sector, rehabilitate their economy, and restore their political freedoms when the dictatorship collapses.¶ ¶ Maximizing Mutual Global Competitiveness¶ Expanding regional economic cooperation is crucial to US economic growth. An aggressive trade promotion and investment strategy in today’s hypercompetitive, globalized economy is not a policy option; it is an imperative. Clearly, prosperity at home depends on success abroad. The economic opportunities in the Western Hemisphere are enormous, and US policy-makers and the private sector must recognize them as critical to US economic growth.¶ In 2011, US exports reached a record $2.1 trillion in total value, despite the fact that only 1 percent of US businesses export their products to foreign markets. The United States must expand on these opportunities. Exports benefit the US economy by offering companies opportunities to tap new markets, expand their production, and earn more consumer dollars. Today, 95 percent of the world’s consumers live outside the United States, and the International Monetary Fund predicts that, through 2015, some 80 percent of economic growth will take place beyond US shores.¶ It is indisputable that an aggressive US trade policy—meaning selling US goods and services in as many markets as possible—is essential for the US economy to hone its competitive edge in the 21st century. In this sense, America’s future is inextricably linked to the future of its neighbors in its own hemisphere. A prosperous hemisphere means a more prosperous United States.

#### Absent increased growth, US retrenchment and resultant wars are inevitable by the end of the decade.

**Lieberthal and O’Hanlon 12** – foreign policy scholars at the Brookings Institution (Kenneth and Michael, “The Real National Security Threat: America’s Debt”, 7/3/12; < http://articles.latimes.com/2012/jul/03/opinion/la-oe-ohanlon-fiscal-reform-20120703>)//Beddow

Economic renewal and fiscal reform have become the preeminent issues, not only for domestic and economic policy but for foreign policy as well. As the former chairman of the Joint Chiefs of Staff, Adm.Michael G. Mullen, was fond of saying, national debt has become perhaps our top national security threat. And neither major presidential candidate is doing enough about it. **This issue needs to be framed as crucial not just for our future prosperity but for international stability as well**. The United States has been running trillion-dollar deficits, resulting in a huge explosion in the country's indebtedness. Publicly held debt now equals 70% of gross domestic product, a threshold many economists consider significant and highly worrisome. Making matters worse, half of our current deficit financing is being provided by foreigners. We are getting by with low interest rates and tolerable levels of domestic investment only because they find U.S. debt attractive, which may not last. According to the nonpartisan Committee for a Responsible Federal Budget, President Obama's long-term budget plan would allow publicly held debt as a fraction of GDP to rise further, up to 75%, within a decade. Mitt Romney's proposal, featuring tax cuts and defense spending increases and as-yet-unspecified (and thus less than fully credible) entitlement reform, appears worse. It would probably drive publicly held debt to 95% of GDP over the same period. Put differently, though both are serious and pragmatic men, neither major party's presidential candidate is adequately stepping up to the plate, with Romney's plan the more troubling of the two. Why is this situation so serious? First, we are headed for a level of debt that within a decade could require us to spend the first trillion dollars of every year's federal budget servicing that debt. Much less money will be left for other things. That is a prescription for a vicious cycle of underfinancing for our infrastructure, national education efforts, science research and all the other functions of government that are crucial to long-term economic growth**.** Robust defense spending will be unsustainable too**.** Once we get in this rut, getting out will be very hard. Second, **such a chronic economic decline would undercut what has been 70 years of strong national political consensus in favor of an activist and engaged American foreign policy**. One reason the United States was so engaged through the Cold War and the first 20 years of the post-Cold War world was fear of threats. But the other reason was that the strategy was associated with improvements in our quality of life as well. America became even more prosperous, and all major segments of society benefited. Alas, globalization and automation trends of the last generation have increasingly called the American dream into question for the working classes. Another decade of underinvestment in what is required to remedy this situation will make an isolationist or populist president far more likely because much of the country will question whether an internationalist role makes sense for America — especially if it costs us well over half a trillion dollars in defense spending annually yet seems correlated with more job losses. Lastly, **American economic weakness undercuts U.S. leadership abroad**. **Other countries sense our weakness** and wonder about our purported decline. If this perception becomes more widespread, and the case that we are in decline becomes more persuasive, countries will begin to take actions that reflect their skepticism about America's future. Allies and friends will doubt our commitment and may pursue nuclear weapons for their own security, for example; adversaries will sense opportunity and be less restrained in throwing around their weight in their own neighborhoods. The crucial Persian Gulf and Western Pacific regions will likely become less stable. Major war will become more likely**.** When running for president last time, Obama eloquently articulated big foreign policy visions: healing America's breach with the Muslim world, controlling global climate change, dramatically curbing global poverty through development aid, moving toward a world free of nuclear weapons. These were, and remain, worthy if elusive goals. However, for Obama or his successor, there is now a much more urgent big-picture issue: restoring U.S. economic strength. Nothing else is really possible if that fundamental prerequisite to effective foreign policy is not reestablished.

## WTO

#### Contention 2: The WTO.

#### Mexican TTIP inclusion is key to WTO credibility.

**Mildner and Schmucker 6/18/13** senior researcher at the German Institute for International and Security Affairs – head of the Globalization and World Economy Program at German Council on Foreign Relations (Dr. Stormy-Annika Mildner, Dr. Claudia Schmucker, 18 June 2013, “Trade Agreement with Side-Effects?” http://www.swp-berlin.org/fileadmin/contents/products/comments/2013C18\_mdn\_schmucker.pdf)//SL

However, a TTIP is not without risks for global trade and the multilateral trade system. Discrimination against third countries is a central problem of preferential agreements. Selective tariff abolition can eliminate protectionism and distortions between the signatories of such an agreement and create trade-generating and growth-boosting effects. As the economist Jacob Viner demonstrated in the 1950s, the bilateral/plurilateral abolition of trade barriers can increases trade if domestically produced goods and services or imports from third countries are substituted by cheaper (i.e. more efficiently produced) goods and services from the partner country. But frequently such an agreement leads to discrimination against third countries with trade-diverting effects. According to Viner, trade diversion occurs when the dismantling of trade barriers gives goods and services from the partner country a competitive advantage and consequently trade with third countries is diverted to the partner country even if the third country can produce the relevant goods and services more efficiently. One particular problem of preferential trade agreements is that they contain many different and contradictory rules. This applies above all to the rules of origin in free trade agreements (FTAs), which define which goods are granted preferential treatment. To enjoy preferential market access a particular proportion of the product must be produced in one of the FTA signatory countries. This is intended to prevent nonsignatories from profiting from preferential treatment without themselves making concessions. Cumulatively, the multiplicity of preferential trade agreements has produced a confusion of different rules of origin that tangibly obstruct trade. Small and mediumsized enterprises in particular suffer from high transaction costs. Worries that a TTIP would exacerbate the “spaghetti bowl effect” identified by economist Jagdish Bhagwati in the 1990s are certainly justified. A study by the German ifo-Institut published in January 2013 argues that countries geographically close to the United States or the European Union, countries with a high volume of trade with either or both of them, and countries with free trade agreements with either or both must expect to lose trade through a TTIP. For the United States this means in the first place Canada and Mexico, primarily through erosion of the preferential access to the US market both enjoy through the North American Free Trade Agreement (NAFTA), but also through trade-diverting effects. Australia, which has a FTA with the United States, is also a loser in both liberalisation scenarios (comprehensive agreement or tariff elimination). Another problem is that the TTIP talks could tie up a considerable proportion of EU and US negotiating capacity. Both sides are already involved in numerous bilateral and plurilateral negotiations. The European Union is currently negotiating FTAs with Canada, Japan and Mercosur, the United States, as already mentioned, with the TPP countries. Additional Transatlantic talks thus threaten to overstretch both executives and could further diminish interest in a successful conclusion of the Doha Round. Should the European Union and United States fail to conclude the bilateral talks within a reasonable timeframe they also risk damage to their reputations as capable political actors and their credibility as proponents of open markets. But speedy conclusion will be no easy matter with so many sensitive topics involved. Many European states reject liberalisation of agricultural trade, and France has recently succeeded in excluding cultural services from the talks. Finally, a TTIP could also have unintended political repercussions. Emerging economies and developing countries could interpret it as an instrument of exclusion or even an attempt to blackmail them into making concessions in the Doha Round. In the worst case this threatens to block the already difficult WTO talks. While such scenarios are certainly plausible, the Transatlantic partners have options for counteracting them. Ensure WTO Compatibility Their economic and political weight lends the European Union and United States a special responsibility for the world trade order. Thus, how must the TTIP be designed if it is to benefit rather than harm the multilateral trading system? In the first place it must be compatible with WTO rules and serve as a stepping stone for future global liberalisation regimes. Firstly, the Transatlantic Partnership should liberalise trade and address trade plus issues. Secondly, it should standardise rules in order to simplify the “spaghetti bowl” of competing and contradictory rules. Thirdly, it should be open for new members to avoid exclusion. And fourthly, it should recognise the WTO as the central arbitration instance and avoid undermining its dispute settlement procedure. Comprehensive Liberalisation Preferential trade agreements contradict the central WTO principle of most-favoured nation treatment (MFN), because they grant partners benefits that are denied to others. Accordingly, they are permitted only as an intermediate step in the multilateral liberalisation process and subject to rules laid out in GATT Article XXIV (for trade in goods) and GATS Article V (for trade in services). Paragraphs 4 to 10 of the GATT Article define the conditions under which customs unions and free trade zones may be created. These involve definition of such entities, duty of notification, treatment of third countries, etc. Paragraphs 8 (a) (i) (customs unions) and 8 (b) (free trade agreements), under which the tariffs for “substantially all the trade” must be dismantled, are especially important. Under paragraph 5 (b), the external duties of countries participating in a free trade zone must not be higher than before conclusion of the agreement. Given that these conditions would also apply to the TTIP, it would be impossible to exclude whole sectors from liberalisation. Removing agriculture from the TTIP talks, as proposed by Renate Künast, leader of the Green Party parliamentary group in the German Bundestag, would thus contradict WTO rules. GATS Article V defines the conditions for economic integration in the service sector a little more loosely. The Partnership would only need to have “substantial sectoral coverage” rather than covering all sectors. Agreements must also provide for “the absence or elimination of substantially all discrimination … between or among the parties”. Exceptions are thus permitted, and GATS also provides exemptions for cultural services, but the goal should be for a TTIP to cover at least all services that are in line for liberalisation through the WTO. But the ambitions of the TTIP should not end with the scope and depth of WTO regulation. Instead it would be desirable for the talks to reach beyond the traditional realm of the WTO and address the aforementioned trade plus issues. New cross-cutting issues like treatment of state-run companies and stronger integration of small and medium-sized enterprises (SMEs) should also be included. With these issues of broader interest a first step could be taken towards global regulation. Harmonised Rules As already mentioned, one drawback of the numerous existing preferential agreements is that they create an increasingly complex tangle of rules that tend to hamper rather than ease free trade. Special attention must be given to rules of origin. The European Union and the United States should ensure that any new rules of origin do not worsen the global regulatory chaos and are compatible with the pre-existing FTAs of both sides. The rules should also be as generous as possible in order to prevent the danger of trade diversion and the associated discrimination against third states. At the same time it would make sense to extend market access and new rules for investment or procurement to other trade partners that are willing in return to liberalise their markets to the same extent. Openness to New Members If a preferential agreement is not to harm the multilateral trading order it must be open to third countries. The TTIP is no exception. Initially it will be negotiated solely between the European Union and the United States. But in the long term it would be desirable to expand it to the whole NAFTA region, especially given that the European Union already has a free trade agreement with Mexico and is currently negotiating one with Canada. The more members a preferential agreement comprises, the smaller the trade-diverting effects and the greater the chances of multilateralisation.

#### That generates a perception of non-discriminatory trade regime – key to successful Doha accords.

**Hills 4/24/13** Chief Executive Officer of Hills & Company International Consultants, former U.S. Trade Representative, and key negotiator of NAFTA (Carla A. Hills, 24 April 2013, “A Trans-Atlantic Trade Pact for the World” New York Times, http://www.nytimes.com/2013/04/25/opinion/global/a-trans-atlantic-trade-pact-for-the-world.html?\_r=4&)//SL

The security dimension was real, because in addition to the projected economic benefits, past experience showed that as governments liberalized their trade regimes, they generally liberalized their political regimes. Adherence to an agreed set of trade rules and support for the W.T.O. dispute settlement mechanism encourages nondiscrimination, transparency and rule of law, which contribute to increased stability. The Doha negotiations broke down in 2005 and have made little progress since. Trade commentators are declaring Doha dead and multilateral negotiations obsolete as governments increasingly have turned to negotiating bilateral and regional trade agreements that create conflicting rules and distort trade by creating trade preferences for the signatories at the expense of those that do not participate. There is legitimate concern that the proliferation of bilateral and regional trade agreements could render the W.T.O. irrelevant and destroy the enormous benefits we derive from our multilateral trading system. What could bring the 159 W.T.O. members back to the table? Ironically, history demonstrates that the successful negotiation of a major regional trade agreement of high quality can provide the necessary catalyst. In 1990, the Uruguay Round collapsed in Brussels. In June 1991 the United States, Mexico and Canada launched the negotiations of a North American Free Trade Agreement (Nafta). Fourteen months later negotiations were concluded. President George H.W. Bush signed the agreement in December 1992; President Clinton secured congressional approval of the agreement the following year. By joining the economies of Canada, Mexico and the U.S., Nafta created a regional market of over 400 million people. It was the first comprehensive free trade agreement to join developed and developing nations, and it achieved broader and deeper trade liberalization than any prior trade agreement. The world’s reaction was broad, deep and fast. In just a few months following the passage of the Nafta, trade negotiators returned to the bargaining table, completed the Uruguay Round, and created the W.T.O. to the enormous benefit of the global economy. If we are to repeat the success of two decades ago, we will require an even greater catalyst: a regional trade agreement of such quality and scope that the rest of the world is galvanized. The Trans-Atlantic Trade and Investment Partnership recently announced by the European Union and the United States could be that catalyst. That negotiation would involve roughly half the global economy. The negotiation need not be protracted. The E.U. and the U.S. each recently concluded free trade agreements with South Korea that could serve as a template upon which to build. The proposed Trans-Atlantic Partnership could have even more heft if Canada and Mexico were added — which makes sense, since Mexico already has a free trade agreement with the E.U., and Canada is in the final stages of negotiating one. Including them would avoid having different rules covering trade involving our two largest trading partners. The global reaction to Nafta 20 years ago shows that “competitive liberalization” can be a powerful catalyst. When governments see others taking economic action that generates growth and stability, they do not want to be left out. A broad, gold-standard trade agreement across the Atlantic could be such a catalyst for reigniting support for multilateral trade liberalization, bringing W.T.O. members back to the table to finish the Doha Round, which would give a real boost to the global economy. It was done before with the Nafta, and it could be done again with the successful conclusion of the Trans-Atlantic Trade and Investment Partnership.

#### That’s key to global free trade.

**Suominen 9** fellow at the German Marshall Fund of the United States and trade economist at the Inter-American Development Bank in Washington (Kati Suominen, March 2009, “A New Age Of Protectionism? The Economic Crisis And Transatlantic Trade Policy” The German Marshall Fund of the United States, http://www.gmfus.org/doc/Suominen%20final.pdf)//SL

The third issue of concern is multilateral negotiations in the Doha Round. A failure to successfully conclude Doha could freeze multilateral trade cooperation for several years. The consequent fate of global trade would depend on whatever scenario—spread of protectionism, unilateral liberalization, the rise of FTAs, and so on—developed in the vacuum left by a multilateral failure. Building on a prior work by Patrick Messerlin (2008), a November 2008 assessment by economists Antoine Bouët and David Laborde showed that in a scenario where all tariffs were brought back to bound levels, world trade would sink by $1.77 trillion, equivalent to a tenth of U.S. GDP, and welfare by $448 billion. In a less extreme scenario, whereby all tariffs, except preferences covered by FTAs, were moved to their applied levels at the end of the Uruguay Round in 1994 (bound tariffs are still capped by the Uruguay Round commitments), trade would drop by $728 billion and world GDP by $167 billion. The greatest gains and losses would be in agriculture. Many would see the proliferation of FTAs, currently the only active area of global trade policymaking, as the more likely scenario in the face of a Doha failure, but the trade creation provided by FTAs crucially hinges on the fortunes of multilateral most favored nation (MFN) opening. Further, proliferation of FTAs without some regional and multilateral vigilance and coordination could splinter the global trading system into miniblocs that forgo economies of scale. In contrast, a successful conclusion of the Doha Development Round would deliver trade gains of $336 billion and welfare gains of $79 billion annually.32 Admittedly, the figures on gains from a successful Doha Development Round are not staggering. But they are meaningful in light of the economic doldrums. And hundreds of billions of dollars of new trade would certainly ignite more economic activity than a trillion in lost trade. Even more importantly, concluding Doha is an antidote to bad trade policies and the ongoing (albeit still moderate) backtracking on trade policy commitments. It would be the single best way to demonstrate support for the multilateral trade agenda, a lock-in device for countries to commit to lowered barriers, and a signaling device to markets about the future direction of international trade policies. The standstill pledge by the G20 on a host of distortionary instruments is not enough. Recent months have shown that there are a great many ways in which countries can work around such a pledge and introduce distorting trade measures. In addition, quantitative studies do not account for the hammer blow that a Doha failure could deal to the very legitimacy of the bodies and rules of the multilateral trading system—MFN treatment, the dispute settlement mechanism, the attraction of WTO accession, the trade policy review process, and so on. Thus far, the global economic heavyweights have had an astonishingly good record in complying with the dispute settlement body’s verdicts, even when the claimant has been a small country that would have relatively little to hand, in terms of retaliatory tariff measures, that would be of economic significance to larger ones if they fail to comply (Levy 2007). This indicates that the members see a benefit in the WTO as an institution, and value the dispute settlement system. However, should trade talks fail to deliver further gains in terms of liberalization, the credibility of multilateralism could be eroded, and with that the interest in complying with dispute settlement rulings and a valuing of the WTO’s opinions. Further, some of the issues that should be dealt within the WTO context—those that have an immediate bearing on trade and that must be dealt with multilaterally, such as environmental regulations and the spread of FTAs—could be left by the wayside. A failure of the Doha Round would thus entail not only the loss of the static and dynamic gains from augmented economic exchange; it would also wreak havoc on the future of global trade and economic cooperation. Yet, such cooperation is even more imperative today because of the global economic downturn. A failure at the multilateral negotiating table would do little to inspire market confidence in a prompt global economic recovery, let alone in the ability of governments to come together to constructively deal with major issues. Trade cooperation is an economic and political lifeline that must and should not be severed.

#### Free trade averts war.

**JOE 10 -** United States Joint Forces Command Center for Joint Futures, informational arm of Department of Defense (Joint Operating Environment, “The JOE 2010”, 11/25/08; <http://www.jfcom.mil/newslink/storyarchive/2010/JOE_2010_o.pdf>)//Beddow

For the most part, the developed world recognizes that it has a major stake in the continuing progress of globalization. The same can be said for those moving into the developed world. Nevertheless, one should not ignore the histories and passions of popular opinion in these states as they make their appearance. One should not confuse developed world trappings for underlying stability and maturity of civil societies. **A more peaceful, cooperative world is possible only if the pace of globalization continues**. In particular, this means engaging China and other nations politically and culturally as they enter into the developed world. The critics of globalization often portray its dark side in the inequality of rich and poor. In some worst- case scenarios, they portray the rise of resentment and violence throughout the world as a direct result of globalization. Not surprisingly, the future is likely to contain both good and bad as globalization accelerates the pace of human interaction and extends its reach. Remittances sent home by emigrant workers are often overlooked as a facet of globalization, but represent the single biggest income source for developing nations. The total amount sent home by foreign workers exceeds the amount that the whole world spends on foreign aid and capital investments combined. For 2007, world-wide remittances were estimated by the World Bank at $318 billion, of which $240 billion went to developing countries. This estimate includes only remittances sent through formal banking channels; the actual amount is certainly much greater. Remittances are strategically important to developing countries for a number of reasons, not the least of which is that they provide a source of foreign exchange in addition to a stabilizing force for economies in turbulent times. The top three recipients of emigrant remittances in 2007 were: India, $27 billion; China, $25.7 billion; and Mexico, $25 billion. In the case of Mexico, remittances were the second largest source of hard currency after the sale of oil. These flows of money are generally resilient in economic downturns and add a measure of stability to families that would otherwise be at or near thresholds of poverty. Furthermore, remittances are spent in the local economy, providing business for shop owners and other parts of the local middle classes. However, as a prolonged economic downturn reduces work opportunities for emigrants, the reduction of this key source of income may also stunt the growth of the middle classes in developing countries, which are the driving force for the development and support of democratization and the rule of law, all of which are central to the evolution of stable and orderly states around the world. The processes propelling globalization over the next two decades could improve the lives of most of the world’s population, particularly for hundreds of millions of the poorest. **Serious violence resulting from economic trends has almost invariably arisen where economic and political systems have failed to meet rising expectations**. A failure of globalization would equate to a failure to meet those rising expectations. Thus, the real danger in a globalized world, where even the poorest have access to pictures and media portrayals of the developed world, l**ies in a reversal or halt to global prosperity. Such a possibility would lead individuals and nations to scramble for a greater share of shrinking wealth and resources, as they did in the 1930s** with the rise of Nazi Germany in Europe and Japan’s “co-prosperity sphere” in Asia. Admittedly, some will also be left behind by globalization, either through the misfortunes of geography, culture, or design. Many of these nations will be weak and failing states and will require an international array of economic, diplomatic, and military resources to establish or sustain stability. **In a globalized world of great nations, the United States may not always have to take the lead in handling the regional troubles that will arise.** By the 2030s, every region of the world will likely contain local economic powers or regional organizations capable of leadership. In any case, the United States will often find it prudent to play a cooperative or supporting role in military operations around the world and will almost certainly provide support in organizing or convening global coalitions for some time to come. In most cases the assisting of, or intervention in, failing states will require a cooperative engagement between the United States and regional powers. Again, the skills of a diplomat in working with other people and military organizations from different cultures must be in the tool kit of commanders, staffs, and personnel throughout the Joint Force.

## Plan

#### Thus the plan: The United States federal government should facilitate Mexico’s entrance into the Transatlantic Trade and Investment Partnership.

#### We reserve the right to clarify.

## Solvency

#### Contention 3: Solvency

#### Negotiations are stalling, but including Mexico overcomes obstacles and ensures passage.

**Ikenson 10/14** – Director of Cato’s Herbert A. Stiefel Center for Trade Policy Studies, former director of international trade planning for an international business advisory firm (Daniel J., “The Transatlantic Trade and Investment Partnership: A Roadmap for Success” 10/14/13; <http://www.cato.org/publications/free-trade-bulletin/transatlantic-trade-investment-partnership-roadmap-success>)//Beddow

The potential upside of a comprehensive Transatlantic Trade and Investment Partnership agreement to liberalize trade, investment, and regulatory barriers between the United States and the European Union is substantial. **The economic benefits are estimated to be in the range of a $125 billion annual boost to GDP on each side of the Atlantic. Realistically, the benefits will depend on whether the enthusiastic rhetorical commitments to achieving a comprehensive agreement are matched by actual accomplishments on the ground**. A comprehensive, ambitious agreement will require the resolution of differences in dozens of areas. On some issues, bridging the divides should be fairly straightforward, though not necessarily easy. On others, success will require copious amounts of determination, ingenuity, and political will. Stakeholders will have to keep politicians and negotiators accountable to their goals and timetables. But too daunting an enterprise will render success elusive and cause negotiators to lose focus, interest, and, ultimately, the opportunity to achieve meaningful reforms. The TTIP negotiations must not be permitted to devolve into a decade-long, transatlantic cocktail party for negotiators, advisers, and lobbyists. In the interest of avoiding that fate, this paper suggests a procedural roadmap for managing the negotiations in an orderly, constructive, politically digestible manner. It recommends that Negotiators identify and announce a discrete set of specific, achievable goals with realistic deadlines; The negotiations over regulatory processes and regulatory standards be better defined and made more manageable by employing a “negative list” approach, where issues deemed “off limits” to negotiation are specified at the outset so that they do not obscure what is achievable; The negotiators abandon the single undertaking principle and, instead, aim to produce three successive biennial agreements by harvesting the lowest hanging fruit once every two years. Managing with forethought and determination a process that could otherwise descend into an intractable quagmire is essential to ensuring that negotiators deliver most of what they promise. Toward Greater Economic Integration The idea of a transatlantic trade agreement has been floating around for many years, dating back to the Marshall Plan. Certainly there are compelling rationales for such an agreement, including shared cultural ties, a common history of multilateral institution building, and similar commitments to democratic governance. Moreover, the U.S. and EU economies are already significantly integrated. Bilateral trade amounts to about $1 trillion per year and cross-border direct investment stocks total $3.7 trillion. Bilateral direct investment between the United States and European Union constitutes the most intertwined, cross-border investment relationship in the world. The combined economies account for $34 trillion in GDP (nearly half of the world’s output) and more than one-third of all global trade flows involve U.S. or EU entities. **Reducing barriers that raise the cost of transatlantic commerce would generate greater efficiencies and more scope for specialization and economies of scale, spawning economic growth and higher living standards**. But these aren’t new revelations. So, why, after all of these years of relationship-building, was TTIP formally launched in 2013? Why, after many years of knocking this idea around and concluding that the obstacles were too daunting, did policymakers decide those impediments surmountable? Transatlantic Agreement: Why Now? As great as the benefits may be, the TTIP was not borne of any genuine enthusiasm for the enterprise. In Europe, it was seen as a last resort. Frustrated by the failures of monetary policy and restricted by the imperative of fiscal austerity, policymakers were looking for something—anything—to embrace as a potential economic tonic. Whether they actually thought TTIP likely to bear fruit is an entirely different matter. They wanted something to behold as evidence that Greece did not represent Europe’s fate. Potential voter wrath, political backlash, and stalemate–historically effective deterrents to initiating transatlantic trade talks–took a back seat to the affirmative optics of embracing some plausible initiative that might steer Europe from the abyss. For U.S. policymakers, the main motivation for launching TTIP was to assuage EU concerns that the United States had written her off in its "pivot" to Asia. Other rationales for pursuing TTIP include the argument that the world needs the United States and European Union to reassert global economic leadership at a time when no other country or group of countries is willing or able to do so. Another is that there is a race to establish global production standards and TTIP, representing half the world’s output, presents an opportunity to establish them here and now. A third ex-post rationale is that by establishing disciplines on issues where other trade agreements are silent—issues like currency manipulation, the operations of state-owned enterprises, local content rules, and others—the United States and EU could establish rules that China and others would eventually have to heed. It is within this context that TTIP emerged. But none of those rationales–pursuing TTIP as a last resort, assuaging hurt feelings, establishing standards, disciplining China and others–seem likely to provide the motivation for negotiators and governments to dig deep and remain committed enough to make difficult choices that may carry political consequences. As the talks drag, will governments remain committed to the goals? Will governments motivated by the "last resort" rationale continue to invest seriously in the negotiations if their economies experience growth and the political costs of TTIP no longer look so necessary to incur? Already there have been signs of retreat from the ambitious goals articulated at the outset. Taking Small, Digestible Bites Is Key to TTIP Success From the outset, negotiators erred by setting a 2014 completion date for the negotiations. There is absolutely no plausibility to that deadline and, frankly, failure to amend the timetable with realistic deadlines will only undermine the credibility of the undertaking with a public already skeptical of trade negotiations. There are dozens of issues on the table of varying complexity that will likely take several years to resolve**. Rather than have a single deadline for a single undertaking, the negotiators should announce that their intention is to achieve a multi-tiered agreement that yields multiple harvests at established time intervals. Some analysts have referred to the TTIP as a "living agreement,"** although a common understanding of that concept is not evident nor, to my knowledge, have the governments or their negotiators used this characterization in any official context. They should. And it should work something like this. Negotiators would take stock of the issues on the table and rank them in order of importance to a successful TTIP conclusion. They would then rank those same issues in terms of order of difficulty to resolve. Based on averaging and some agreed upon weighting of those two sets of rankings, negotiators would identify what they and their counterparts see as the most important and least important issues, as well as the most difficult and least difficult issues to resolve. That exercise would produce a road map for how to proceed. In April the Atlantic Council and the Bertelsmann Foundation co-published an excellent paper that was based primarily on a survey of trade experts in the United States and Europe, who were asked to identify the likely TTIP issues and rank them from most important for a successful conclusion to least important.1 (See Figure 1.) They were then asked to rank those same issues from most to least difficult to resolve. The results were then plotted in a matrix with the level of importance tracked along the horizontal axis and the level of difficulty tracked along the vertical axis. The most populated area of the matrix is the upper right quadrant, which is where the issues that are most important and most difficult to achieve reside. The fact that 8 of the 17 issues identified fall into that quadrant reinforces the conclusion that a 2014 deadline for a comprehensive agreement is woefully unrealistic. Achieving regulatory process convergence was considered the most important and the second most difficult issue to resolve, just behind "Genetically Modified Organisms and Agriculture" in terms of difficulty. Tariff reduction and elimination was considered among the most important issues, but the easiest issue to resolve. Labor standards convergence was considered the least important issue likely to be on the table. But the greatest utility of this presentation of the issues is that it identifies the low-hanging fruit, and prioritizes those issues by importance. Everything below 3.5 on the vertical axis can be considered the low-hanging fruit. The "relatively" low-hanging fruit would be the 8 or 9 lowest issues on the vertical axis. Certainly, these issues are not exhaustive, nor are their positions on the matrix constant. Over time, and as events unfold, some of these issues will become more (or less) important and more (or less) difficult. For example, since the survey results reflected in this matrix were published, the NSA spying scandal came to light, rendering the "data protection/privacy" issue much more difficult to resolve than it would have been otherwise. Europeans are now far more skeptical that U.S. companies can guarantee the privacy of their information. That issue probably belongs much higher in the matrix now and, in fact, may be off the chart. Likewise, the issue of audio visual (A/V) quotas has been carved out from the negotiations at the behest of France. It may very likely be off the chart now or, at least, at a much higher vertical point than it was a few months ago. Other issues, such as transatlantic competition in the commercial aviation and shipping transportation industries did not even make the list, despite the enormous upside to reform in those heavily protected industries. Customizing the Matrix for the TTIP Negotiations The Atlantic Council/Bertelsmann Foundation matrix provides a useful analytical starting point for constructing a TTIP roadmap. The negotiators should begin by identifying the most important issues and ranking them according to difficulty. If the timetable for ultimate completion of the negotiations is to include three biennial harvests–one every two years–then the goal for each two-year tranche would be to reach agreement on 33 percent of the current issues by focusing on the easiest matters each time (harvesting the lowest hanging fruit). After reaching accord on the first tranche of issues and implementing the first phase of the agreement, negotiators would re-rank the remaining issues and identify the easiest 50 percent as the low-hanging fruit. After concluding the second tranche, they would implement and move to resolving the remaining issues (the most difficult by definition) in the final two-year negotiating tranche. The point of this approach is to improve chances for success. By breaking up the TTIP into more easily digestible pieces, negotiators are less likely to choke, and governments and stakeholders are more likely to stay engaged. What is needed for success is enthusiasm. What breeds enthusiasm are tastes of success. And tastes of success can come from setting and reaching goals in shorter increments, starting with agreement on the lowest hanging fruit first. Negative List Approach to Regulatory Issues To facilitate the process of identifying what matters to tackle in what order, the issues should be identified as specifically as possible. If they are too broadly specified, then the potential to identify low-hanging fruit will be obscured. That is precisely the problem afflicting the issues of regulatory standard convergence and regulatory process convergence, which are widely considered the source of TTIP’s greatest potential gains, as it is enormously costly whenever businesses have to meet different standards to participate in different markets. There seem to be vague and perhaps disparate understandings of what regulatory reform entails. Commentators have tended to refer to these issues monolithically. It would be conducive to break these issues up and separate what is on the table from what is not. This can be achieved through adoption of what negotiators call a "negative list" approach. A negative list includes all issues that negotiators identify as off limits to negotiation. Everything not on the list is on the table. Creating a negative list for regulatory issues will help negotiators, and the public, obtain a better sense of the contours of this otherwise amorphous blob of issues, revealing a more useful diagnosis of the regulatory incoherence problem. By placing issues off limits to the negotiations, it becomes clear what is on the table. And that will help negotiators identify the lower hanging fruit of regulatory reform. For all regulatory issues on the table, negotiators should default to a standard of mutual recognition. If that approach is for some reason untenable, then convergence toward a single standard should be the approach with the standard selected being the least intrusive or least costly approach and, if disagreement remains still, by attempting to divide the chosen standards equally between both sides. Recognizing that the U.S. standard of three-foot electrical cords on household appliances is equivalent to the EU standard of one meter (3’3") long cords in terms of ensuring consumer safety might be a sensible reform that reduces appliance production costs and lowers consumer prices. Mutually recognizing the equivalence of each other’s drug approval processes would eliminate logistical redundancies, saving industry excessive delays and billions of dollars, while reducing mortality and morbidity rates. There are hundreds, perhaps thousands, of similar regulatory processes and standards that could be bridged through such mutual recognition or convergence. **Other Crucial Issues to TTIP Success Establishing a formula to continuously drive the negotiations forward is a necessary, but by no means sufficient, condition of TTIP success. Obstacles abound. First, abandoning the "single undertaking" approach to trade negotiations will require convincing traditionalists wed to the idea that liberalization of barriers requires cross-sector trading of concessions.** Each negotiating tranche might require some customization to ensure that there are adequate trade-offs, where the U.S. and EU negotiators have a relatively equal number of offensive and defensive interests. Second, opponents will try to define the TTIP in a negative light. Some will cast harmonization of standards and mutual recognition of regulations as an effort by industry to pad its bottom line at the expense of public health and safety. Regulatory agencies will encourage these ad campaigns, as their power to make or break will be reduced by smart reform. Supporters will have to demonstrate how superfluous regulations do not make the public safer, but instead add unnecessary costs to production that are passed on to consumers and diminish the resources available to invest in economic activity and job creation. Compliance with regulations costs U.S. industry $1.75 trillion per year, which exceeds the annual value added of the entire U.S. manufacturing sector.2 Third, **what about Canada and Mexico, and even Turkey? The North American market is highly integrated in many industries with cross-border production and supply chains that send goods and services back and forth across the border on a daily basis.** A TTIP that does not include clear and reasonable accession provisions for Canada, Mexico, and Turkey (which is highly integrated with the EU) would be trade diverting and would represent an enormous opportunity cost. Fourth, comprehensive agreement will require green lights from both sides on numerous issues, but on issues concerning regulatory reform and government procurement, to name some, U.S. state-level and EU country-level officials also will have to be sufficiently satisfied with the deal for it to proceed. Issues pertaining to federalism and European state sovereignty make these sub-federal entities potentially obstructive players in the negotiations. Fifth, to complicate matters further, **there is widespread concern that a comprehensive TTIP agreement would be the death knell for the World Trade Organization**. If new rules are established by the world’s largest economies outside of the multilateral system, the WTO could descend into irrelevance. But some multilateral realists, who acknowledge that negotiating complex agreements with 160 member governments at disparate levels of economic development is no longer a viable option for liberalization, have argued that TTIP can "save" the WTO. By achieving concurrence on some very complicated 21st century issues, TTIP could blaze the path for the WTO by presenting some best practices, which could ultimately be multilateralized and adopted by the WTO. Such an objective should be kept in mind as the TTIP negotiations proceed so that its terms can be more easily multilateralized in the future. Conclusion Whether or not the TTIP produces an ambitious, comprehensive agreement will depend on numerous factors. Keeping negotiators focused on the task and governments continuously supportive of their efforts may be the most important requirement. Setting and achieving discrete goals with discrete deadlines—three smaller, successive agreements reached and implemented every two years by harvesting the lowest-hanging fruit first—offers a promising start. The process will require rejecting the single undertaking approach to negotiations, where nothing is agreed until everything is agreed. To improve chances for success, it will also need to employ a negative list approach for regulatory issues so as to distill and identify what is and is not achievable.

#### Mexican inclusion makes Europe uneasy, ensures passage.

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THE CASE FOR A NORTH AME RICAN MARKET ¶ With rising competitive pressures from overseas and weak growth at home, the quickest external route to economic recovery and enhanced competitiveness is to stretch the U.S. market to include 113 million Mexicans and 34 million Canadians. The Obama administration has made it a priority to complete the Trans-Pacific Partnership (TPP) with Asia and has announced its intention to launch a new U.S.-European Union Transatlantic Trade and Investment Partnership (TTIP). But the administration has neglected its two neighbors despite the fact that their combined product is more than six times that of other TPP countries and that U.S. exports to them exceed those to the EU. Mexico and Canada are already the United States’ two largest export markets, its two largest sources of energy imports, and in the case of Mexico, the largest source of immigrants. The three countries also make products together. Unlike U.S. trade with most other countries, roughly 25 to 40 percent of the value of U.S. imports from Canada and Mexico comes from components made in the United States, and then assembled into finished goods in one of the two countries. Closer integration would translate into a more efficient supply chain and improved competitiveness. With labor costs in China rising to those in Mexico, and the cost of transportation across the Pacific increasing, a North American supply chain is not only more efficient than an Asian route, but it could also become a strong export platform to Asia. Moreover, if the United States seeks a unified approach to trade negotiations with Mexico and Canada, Asia and Europe will recognize that Washington has other options, and prospects for concluding transpacific and transatlantic trade deals would likely improve. For example, in the 1990s, world trade talks were stalemated until NAFTA was signed. Pg. 1-2