Framing the Debate in Transatlantic Trade Negotiations

Lessons from Latin America

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INTRODUCTION

On Sunday, October 7, 2005, Costa Rica held the first-ever referendum in its national history. That a referendum took place is not necessarily newsworthy, but its subject matter was unprecedented even at an international level – voters were asked to weigh in directly and approve the Dominican Republic-Central American Free Trade Agreement with the United States (CAFTA-DR). Trade – but particularly trade with Washington, an issue commonly addressed in parliamentary and executive halls – had become a political hotrod and the punching bag of a strong movement against the agreement. Yes votes reached a bare majority of 52 percent despite a broad coalition of political parties, industry, and allied unions that launched a broad, if belated public relations campaign to support and highlight the benefits of the agreement. With the deal’s approval and subsequent entry into force in Costa Rica in January 2009, the country became the latest party to the agreement to officially incorporate it into its books.¹

Almost five years later, on July 4, 2012, the Anti-Counterfeiting Trade Agreement (ACTA) suffered a different fate in the hands of the European Parliament (EP). Although ACTA had already been approved by 22 EU Member States and by international partners, including the United States, the EP’s move effectively killed the agreement and years of delicate negotiations. The treaty had the nominal blessing of all EU Member States and had from the outset enjoyed strong backing from industry sectors with an intrinsic interest in boosting enforcement against counterfeiting and piracy. ACTA, however, faced a slow beating in the hands of public opinion, particularly on social media platforms. This drubbing was also lonely considering the shy participation, if not outright absence, of governments and industry stakeholders in the public debate. For all intents and purposes, the Commission was left with the thankless task of single-handedly defending ACTA.²

What broadly defined success and failure, respectively, in these two stories was the intrinsic and frank acknowledgment that the successful conclusion, approval, and implementation of a free trade agreement (FTA) are all part of a political effort. In turn, this

acknowledgment also demands visibility by supporters and the mobilization of appropriate resources. Today, as Europe has to grapple with unprecedented public opposition to the signature EU-U.S. Transatlantic Trade and Investment Partnership (TTIP), a look at the past and similar experiences in other countries can offer helpful cues and insights into ways for reframing the debate on the desirability and benefits of TTIP. In this regard, this policy paper will argue that a more robust, coordinated, and modern response – both from policymakers and industry – is necessary if the transatlantic deal is to see the light of day.

To this end, the paper will present information from journalistic sources and issue expert analyses, as well as from the author’s first-hand experience as a trade specialist at the Inter-American Development Bank (IDB) and then as a Robert Bosch Foundation Fellow. The paper will also make its case from the perspective that international trade is intrinsically good economic and foreign policy that, anchored in a robust national industrial and fiscal policy framework, fosters growth and stability. In this context, the author sees in TTIP a unique instrument of strategic economic and geopolitical importance for the transatlantic relationship. Thus, this analysis will first briefly explore in more detail the politics surrounding ACTA’s defeat, as it offers a useful background against which to assess the risks of failing to improve public outreach for TTIP. Second, the paper will take stock of the nature of the opposition in Europe and briefly draw parallels to developments in the United States. Third, the study will explore the case of Costa Rica in order to highlight areas of commonalities and differences with the current debate, as well as lessons learned that could offer examples on how to shift communicational gears in Europe for TTIP supporters. Finally, the paper will offer some thoughts and suggestions for a way forward.

THE ACTA PRECEDENT

ACTA was an effort to establish a higher level of international standards and a new governing body for protecting and enforcing intellectual property rights, targeting in particular counterfeit goods, generic medicines, and online copyright infringement. With its final text adopted in 2011 by the EU and ten partners³, eight parties signed the deal in October of that year. For their part, the EU and 22 Member States subsequently signed it in January

³ Australia, Canada, Japan, Mexico, Morocco, New Zealand, Singapore, South Korea, Switzerland, and the United States.
Final ratification by the EU and its Member States, however, also required approval from the EP and the individual national parliaments, in accordance with European law and the new powers granted to the EP under the Lisbon Treaty. Nonetheless, controversy soon ensued in spectacular fashion – the parliamentary rapporteur for ACTA resigned, lambasting the process’s lack of transparency, consultation of civil society, and consideration of EP feedback in the negotiations. From then on, anti-ACTA protests soon spread across EU and dramatically eroded support for the agreement. That Neelie Kroes herself, then Commission Vice-President for the Digital Agenda, acknowledged that citizens were “now likely to be in a world without [the U.S. Stop Online Piracy Act] SOPA and without ACTA” spoke volumes about the inflicted political damage. Two months later, the EP soundly rejecting the agreement on July 4, 2012 with 478 votes against, 39 votes in favor, and 165 abstentions.

Overall, several issues contributed to the demise of the agreement, but the slow and timid, if not outright muted European official response to the accusations arguably played a significant role in ACTA’s defeat. On the one hand, from the beginning there were doubts about several issues, including the economic arguments for ACTA; the perceived transparency of the negotiations; fundamental rights and freedoms in the EU, including freedom of expression, data protection, and privacy; and even compatibility with the EU’s enforcement framework and acquis communautaire. In addition, the large protests in the United States that ultimately led to the shelving of the controversial SOPA and the PROTECT IP Act (PIPA) fueled the narrative that ACTA was as bad, if not worse, and part of a concerted effort to curb Internet freedoms. On the other hand, however, government and industry at most mounted a modest defense and largely delegated the defense of the deal to the Commission, even though all EU Member States had given their explicit endorsement to the whole process from the very beginning. To make matters worse, European authorities

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4 The five Member States of the then EU-27 that never signed the agreement are Cyprus, Estonia, Germany, the Netherlands and Slovakia.
10 European Commission, “Minutes of the 1991st meeting of the Commission.”
were taken by surprise by the intense opposition, and they struggled to explain the highly technical provisions of the agreement in terms that could dispel ongoing misconceptions and fears about ACTA’s public policy goals and proposed means of enforcement. Yet, more importantly, European officials acknowledged that they were largely unprepared for waging the social media communications and public relations battles of the 21st century that were key to the success of the anti-ACTA movement.

DEBATING TRANSATLANTIC TRADE

The current European debate on TTIP offers troubling parallels to the ACTA experience, but also sketches ways in which the transatlantic pact’s supporters may address persistent mistakes and avoid an ACTA repeat. Firstly, a worrying trend of relatively disjointed, uncoordinated public outreach and communications campaign still prevails – for the most part, key messaging points still appear not fully digested and integrated into everyday press and communications work across the largely pro-TTIP European industry. Moreover, supporters still struggle to boil down the key benefits of the agreement into widely accessible lay terms, or, even worse, usually fail to offer an overall, short, coherent, and cohesive counterargument or answer to commonly used opposition arguments. Furthermore, there still is limited ownership of the agreement in some Member States, and as a result parts of the European electorate still tend to view TTIP as a Commission or Brussels elite project. Fortunately, cognizant of the danger of a possible derailment of the negotiations, under President Jean-Claude Juncker and Trade Commissioner Cecilia Malmström the European Commission has made prioritized greater transparency and stakeholder engagement in the negotiating process, while also calling on national leaders to improve communication at home. In this regard, policymakers in Member States have become more vocal and public in

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11 Current Commission Vice-President for the Energy Union Maroš Šefčovič, then Vice-President for Inter-Institutional Relations and Administration, admitted as much by saying that the Commission’s “absence…on this particular topic caused us a lot of troubles.” Honor Mahony, “EU Commission Admits Mistake on ACTA,” EU Observer, March 20, 2012, https://euobserver.com/creative/115646.
their support, especially in Germany,\textsuperscript{15} where opposition to TTIP registers one of its highest levels within the EU.\textsuperscript{16} For its part, the United States has entered the fray and agreed to enhance EP and national parliamentary access to the draft texts, even setting up TTIP reading rooms across the EU.\textsuperscript{17}

All in all, however, opponents have largely succeeded in driving the message and in “defining” TTIP. In other words, the terms of the anti-TTIP debate are, for the most part, set. Part of their success lies significantly in their sophisticated organization and extensive use of new media. In Germany, for example, Facebook and Twitter host around 90 percent of all anti-TTIP positions, and there are estimates that an astounding 85 percent of all TTIP-related material in German online media comes from anti-TTIP groups. Additionally, it is noteworthy that online activity tends to peak during negotiating rounds, which in turn suggests at least some level of coordination among the different opposition groups. These numbers are all the more impressive considering that Attac, the anti-globalization organization behind one-fifth of anti-TTIP online attacks, dwarfs in size relative to the largest German trade unions. Nonetheless, Attac exceeded the activities of DGB, the umbrella trade association, and ver.di, the influential services union, by a factor of 3,000 and 1,000, respectively. Meanwhile, industry and labor unions, the traditional stakeholders in trade policy-making, largely rely on traditional media platforms for advertising their positions.\textsuperscript{18} Similarly, Campact, another activist organization, has had an outsized influence in the German debate with its 1.6 million members, despite its small size – around three dozen staff members and a budget under €6 million.\textsuperscript{19}

As for the criticisms themselves, they stem both from an increasing distrust of economic liberalization models, as well as from pervasive misunderstanding of TTIP’s goals.

\textsuperscript{15} Chancellor Merkel and her Christian Democratic party have endorsed TTIP, whereas her Social Democratic coalition partners are split on the issue. “Gabriel will CETA und TTIP: Freie Fahrt für den Freihandel,” \textit{Tageschau}, November 27, 2014, \url{http://www.tagesschau.de/wirtschaft/ttip-ceta-gabriel-101.html}.

\textsuperscript{16} The percentage of those who see TTIP as a bad thing reaches 46 percent in Germany, whereas it scores 30 and 19 percent in France and the United Kingdom, respectively. Matthias Schmidt, “Mehr TTIP-Gegner in Deutschland als anderswo,” \textit{YouGov}, March 31, 2015. \url{https://yougov.de/news/2015/03/31/viele-deutsche-sind-gegen-ttip/}.


\textsuperscript{18} In 2014, membership in Attac, the DGB, and ver.di reached some 27,400, 6.1 million, and 2.1 million, respectively. For a more detailed analysis, please see Matthias Bauer, “The Spiral of Silence – How Anti-TTIP Groups Dominate German Online Media and Set the Tone for TTIP Opinion,” \textit{European Center for International Political Economy}, January 28, 2015, \url{http://www.ecipe.org/blog/anti-ttip-german-online-media/}.


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At a general level, TTIP opponents have found fertile ground in an environment in which even prominent figures, in light of economic dislocation in the West, have come to question the dynamics of globalization and the orthodox trust in free markets. Some other claims, however, regrettably tend to revolve around a series of catchy, emotion-laden issues with little or no basis in reality. Some of these controversies have long plagued transatlantic economic relations – e.g. genetically modified organisms and the perceived quality of U.S. labor and environmental standards –, others are country-specific – e.g. U.S. chlorine-treated chicken and the protection of public services in Germany – and even imaginary – e.g. TTIP-mandated privatization of the British healthcare system. Still, other issues are new, as in the case of the controversy surrounding private investment arbitration panels (ISDS). At a more structural level, critics chastise the role of corporate interests and the perceived lack transparency of the negotiation process itself. These criticisms, in turn, cloud the overall debate on what Europe has to gain from the agreement – e.g. access to the complicated and segmented U.S. public procurement system, as well as U.S. recognition of certain EU production standards. More worryingly perhaps, there appears to be healthy amounts of ideology and little appetite for buttressing these claims with factual evidence, with critics quickly embracing and spreading arguments without thoroughly assessing their validity or their empirical and logical soundness.

In this regard, renowned German activist Thilo Bode’s efforts to discredit the agreement with dubious or simply implausible associations – including the factoring of unrelated German water treatment costs against any possible welfare gains from TTIP – is a salient and obvious example.

To be sure, opposition to trade liberalization is present on both sides of the Atlantic, as evidenced by the uproar caused by the Transpacific Partnership Agreement (TPP) in the United States. To President Obama’s frustration, opponents have painted TPP as harmful to

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22 See for example the Capaldo study on TTIP, which, despite using an inherently flawed methodology, quickly made the rounds on social media and became part of the standard literature of anti-TTIP criticism. For more details, please see Fredrik Erixon and Matthias Bauer, “‘Splendid Isolation’ as Trade Policy: Mercantilism and Crude Keynesianism in ‘the Capaldo Study’ of TTIP,” European Center for International Political Economy, April 2015, http://www.ecipe.org/app/uploads/2015/04/1-Occasional-Paper_v4.pdf.
American jobs and economic interests. Against this background, a widening rift has emerged inside the Democratic Party, even if, historically, Democrats were strongly pro-trade up through the Kennedy and Carter Administrations. In fact, Hillary Clinton herself, now running for the Democratic presidential nomination, has largely distanced herself from her husband’s pro-trade record and struck a muted, if not unclear, note on TPP, even if as Obama’s Secretary of State she repeatedly backed the pact. Remarkably, arguments against TPP broadly echo those against TTIP – e.g. the deal’s perceived levels of secrecy, corporate bias, and, now, also ISDS. Beyond these commonalities, there is one actor that, although not a TPP party, has long been the elephant in the room in U.S. trade policy and looms large in the negotiations – China. In this regard, it is illuminating that the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO), the largest U.S. federation of trade unions, mentions China multiple times in its litany of complaints about TPP.

THE EXPERIENCE OF COSTA RICA

Having examined the politics of TTIP, a quick review of the experience of Costa Rica with the CAFTA-DR agreement may offer some useful insights for strengthening support for TTIP in Europe. Admittedly, the political dynamics in a politico-economic bloc of 28 Member States are different and more complex, but some basic facts about Costa Rica and the CAFTA-DR experience make the country a compelling case study. During the last three decades, for instance, the country has pursued a series of economic liberalization measures and has negotiated an impressive network of comprehensive trade agreements that, for the most part, go beyond traditional tariff reduction and include areas like labor and the environment. Nevertheless, despite healthy economic growth and a comparatively generous social network, persistent domestic economic policy flaws have failed to tackle inequality. As

a consequence, popular skepticism of the country’s model of economic openness has increased.\textsuperscript{30} Additionally, the negotiations and implementation of CAFTA-DR were beset by a series of domestic roadblocks and external factors, including difficulties intrinsic to the U.S. experience with some of its previous FTAs – namely, \textit{prima facie} completion of legal ratification requirements in its partner countries, but de facto incomplete or unenforced implementation of some FTA provisions. This experience, in turn, has led to the U.S. practice of conducting a rigorous certification process, including its own legal review of its FTA partners’ implementation actions; once this review has been concluded and enough satisfactory implementation measures are found to be in place, the U.S. President may legally proclaim the agreement’s official entry into force.\textsuperscript{31} Needless to say, Washington’s perceived intrusion in other nations’ practices remains controversial and became a delicate issue in the ratification and implementation process in San José.

As part of the CAFTA-DR negotiations, Costa Rica had to accept a series of concessions that bedeviled and politicized the implementation process. In particular, under pressure from Washington, the Costa Rican government controversially agreed to open up the public monopolies in telecommunications and insurance in order to gain a seat at the negotiating table with the other countries.\textsuperscript{32} The agreement was a domestic and international policy priority: not only is the United States Costa Rica’s number one trading partner, but the CAFTA-DR treaty was to become the vehicle to push through a series of key domestic reforms, including in telecommunications and electricity, for modernizing the economy. Internal politics, however, took a toll. Indeed, sensitive to the unpopularity of the trade deal in some constituencies, the then Costa Rican President started openly questioning the benefits of the FTA and refused to send it to the legislature; that his own administration had negotiated and eventually signed the agreement in August 2004 proved a moot point. It took the election of a new government in May 2006 to restart the significantly delayed ratification process – CAFTA-DR had not even been introduced at the congressional committee level, whereas the FTA had already entered into force for El Salvador in March of that year.\textsuperscript{33} In the meantime, the agreement had significantly slipped in Costa Rican public opinion, dropping from a high


\textsuperscript{31} This practice often entails significant waiting time between, at the one end, signing of the agreement, and, at the other, official entry-into-force. For comparison, NAFTA took a relative paltry 13 months to go into effect, whereas for Costa Rica and Colombia this number reached 53 and 66, respectively.

\textsuperscript{32} See p. 27 in González, “El proceso de negociación de un tratado de libre comercio con Estados Unidos.”

of 61 percent in October 2005 to a mere 41 percent in August 2006. In other words, the opposition to CAFTA-DR had gained the upper hand.

Ratifying and implementing CAFTA-DR proved a Herculean effort that required extensive public outreach and coordination. In fact, not only did the Administration have to cope with the demanding workload of cajoling a clear majority in the Costa Rican congress in order to unclog the slow pace of legislative activity, but it also had to wage a battle in the court of public opinion. A coalition of opposition parties, anti-globalization groups, and constituencies that directly stood to be affected by the trade deal – e.g., the public unions in the telecommunications and insurance monopolies – were slowly but steadily sowing doubt about the desirability of the trade deal. Then, sensing an opportunity to kill the agreement by further delaying legislative consideration and thereby contravening specified ratification deadlines and extensions, opponents pulled a wild card and threatened to gather enough signatures to call a referendum. Nevertheless, given the tight legislative schedule and the increasing pressure from its FTA partners – especially Washington – to finally ratify the agreement, the Costa Rican executive used its constitutional power to call a referendum itself – the first plebiscite in Costa Rican history, and the first in the world on a trade agreement.

With the announcement, the intense public relations campaign had officially begun. The Yes campaign relied on the leadership of the Costa Rican Trade Ministry (COMEX). Accordingly, COMEX led a comprehensive institutional and communications strategy in which information was streamlined and tailored throughout the Costa Rican public administration, and, more importantly, supporting material was pushed out and publicized. In parallel, the government organized a round of public consultations and set up public information centers in order to increase civil society and stakeholder engagement. Likewise, the Costa Rican private sector also mobilized its resources and stressed the value of the trade deal for the country’s economic development strategy. In the end, the Yes camp prevailed by a margin of 52-48 percent in the October 7, 2007 referendum. Despite the thin margin, that a Yes vote succeeded at all is impressive considering, first, the low support levels that CAFTA-DR had been scoring in the polls and, second, that the plebiscite took place amid the

opposition’s strong emotional appeals against the FTA’s alleged infringement of Costa Rica’s sovereignty. The vote reinvigorated and sped up the necessary ratification work that paved the way for the agreement’s entry into force in January 2009. At the same time, further measures in areas such as telecommunications and intellectual property had yet to be implemented and took several years to finish – always under Washington’s watchful eye. 

LESSONS FROM COSTA RICA: A WAY FORWARD?

Drawing some lessons from Costa Rica and using some strategic communications tools, this paper posits that the following points could form the basis for strengthening and reinvigorating the pro-TTIP debate in Europe in ways that avoid the mistakes of the ACTA experience:

✓ **Claim a role in the debate:** Visibility of pro-TTIP positions is pivotal – if European governments and industry favor the agreement, they must speak up and explain what is at stake.

✓ **Shift communicational gears and lead:** At the same time, merely speaking up will not suffice; research on the Costa Rica experience suggests, for example, that political parties and policymakers had a clear influence on public preferences in the run-up to the CAFTA-DR referendum, which in turn reinforces the need to take the front seat and more forcefully and clearly make the case for TTIP to the European electorate.

✓ **Form a clear communications structure:** In Costa Rica, COMEX set up and managed the government’s inter-institutional coordination and stakeholder engagement initiatives, while the private sector streamlined and channeled its communications efforts through a single entity in order to gain an edge over the opposition’s more decentralized approach; similarly, TTIP supporters should make sure that there is a clear communications structure that helps implement and oversee all actions, including all avenues for internal and external coordination.

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38 González, “La Implementación de Acuerdos Comerciales Preferenciales en América Latina.”


Target campaign and tools for different audiences and circumstances: Pro-CAFTA-DR forces in Costa Rica ultimately prevailed because they were able to adopt and tailor their message to different audiences in the country;\textsuperscript{41} given that opposition to TTIP is multi-faceted and often country and issue-specific, supporters should consider targeted communicational strategies.

Reach skeptics and opponents, not just allies: Along the same lines, targeting different audiences should entail an honest effort to engage more actively with opposed and neutral parties, particularly on social media; in this regard, supporters should move out of the echo chamber and strive to understand dissenting opinions.

Develop and “de-code” relevant messages: Better grasping dissenting opinions will in turn facilitate the exercise of making the agreement sound relevant to everyday citizens; there is already a wealth of talking points in favor of TTIP, but the goal is making these messages accessible in clear, succinct, and non-technical terms.

Unify messaging for consistency and benchmarking: Messaging will require vertical and horizontal integration and discipline; messaging unification and harmonization should then facilitate the periodic assessment of all communications material.

Develop defense lines: Anti-TTIP positions are well known at this point and require a set of methodical, easy-to-understand counterarguments.

It is a political and PR campaign – deal with it: Finally, pro-TTIP factions, especially in the private sector, should come to terms with the notion that it is pivotal that they sell the deal to the public – i.e. basic and traditional behind-the-scenes lobbying is no longer the only option.

CONCLUSION

This paper has attempted to offer a frank but brief assessment of the European debate on TTIP, as well as ways in which supporters could address ongoing communications shortcomings and shore up public support for the agreement. To this end, it has drawn parallels to the ACTA experience, and also examined the unique circumstances in which Costa Rica was finally able to ratify and implementation CAFTA-DR. In this regard, it is this paper’s views that, despite the different structural and political dynamics in the EU and Costa Rica, San José offers interesting lessons for improving public outreach on the transatlantic

\textsuperscript{41} Raymond Hicks et al, “Trade Policy, Economic Interests, and Party Politics.”
deal – namely, a revamped communications strategy, more targeted messaging, and increased visibility of TTIP supporters, among others. European authorities and industry should carefully weigh the implications of the lack of direct engagement that has thus far largely characterized the public outreach efforts of the pro-TTIP camp. Certainly, not every organization will be able to shoulder the workload and increased exposure that this new approach entails, be it for budgetary, structural, and/or reputational issues. Nevertheless, the simple step of coming out of the shadows and contributing something to the pro-TTIP debate will, on its own, make a difference. In the end, when considering their options and appetite to make a selection, supporters will merely have to answer the following: how big a priority is TTIP and do we still really want it?
Bibliography


