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## **Redefinition of the Role of Asia-Pacific Region in the Global Economy**

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## ROLE AND SIGNIFICANCE OF ASIA AND EUROPE IN THE U.S. POLICY<sup>1</sup>

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**Abstract:** This study presents changes in the U.S. policy towards Europe and Asia. We start with the presentation of the U.S. policy towards Europe during and after World War II. We discuss the support of the U.S. initiating the cooperation of Western European countries. We compare the attitude of the U.S. to Europe with its policy towards the Asian countries. We analyse also the features of European and Asian societies and their impact on the participation of these societies in international cooperation. We discuss the EU reaction on the U.S. *Pivot to Asia* with the EU policy towards Asian countries. We explain Transatlantic Trade and Investment Partnership between the EU and the U.S. as a means of strengthening economic ties between the EU and the United States.

**Keywords:** US policy, economic integration, Asia, Europe.

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### 1. Introduction

The contemporary international order is determined by two factors of fundamental importance and of contradictory influence. The first one is the stability paradigm as a factor contributing to the operating methods and values in the U.S. policy (as a hyperpower). The second factor is the organic turbulences in the world.

The lack of an effective control regime over the actions of various actors (including individual countries and groups) is a determinant of instability. In the type of order determined by the existence of a hyperpower there is both place and need for (regional) economic and political powers of global significance, such as the EU. Changing is at the same time the position of individual countries and regions<sup>2</sup>

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<sup>1</sup> The project was financed by the National Science Centre, decision no. DEC-2013/09/B/HS4/01488.

<sup>2</sup> Region is an arbitrarily separated, relatively homogeneous area distinctive from adjacent areas through its natural or acquired traits. One can distinguish between physio-geographical (e.g. climate or soil regions) and economic regions (e.g. agricultural, industrial), as well as economic-administrative

in American foreign policy. This study presents changes in the US policy towards Europe and Asia.

## 2. U.S. policy towards Europe and Asia after World War II

After World War II the United States used various methods of policy making (see Hass [1995]). In particular, it has applied models of neo-internationalism<sup>3</sup> and leadership (so-called *U.S. Leadership*). The specific capacity of and prospects for the functioning of international institutions have derived (and still derive) from America's choice of the neo-international strategy. The strategy of neo-internationalism permits the use of any organization and any other form of institutionalized international cooperation (co-created by the U.S. according to its needs) for implementing values identified with "purposes and principles" of the UN Charter. By the same token, adopting this strategy means that the hyperpower<sup>4</sup> can arbitrarily resort to the full set of policy-making instruments.<sup>5</sup>

The politics of American leadership was conducted – first and foremost – during the Cold War. As part of this policy the United States has been the head both of alliances and organizations, and of informal coalitions. In pursuing the policy of U.S. leadership the United States not only shares responsibilities and costs with its partners, but also accepts the policy pursued by them.<sup>6</sup>

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regions that are object of administrative planning and management (*Encyklopedia geografii*, Wydawnictwo Naukowe PWN, Warszawa 2002). Because a region is distinctive not only through its natural but also through acquired features, we can use the name also for communities of values, not only to areas close geographically (see E. Czarny, J. Menkes, K. Śledziwska, Gravity Model and OECD in territorial division of the World, *Argumenta Oeconomica* 2010, vol. 25, no. 2, pp. 79–94).

<sup>3</sup> Pursuing this policy precludes neither unilateralism nor leadership (nor any combination thereof) with regard to individual cases – for more see C. Apodaca, *Understanding U.S. Human Rights Policy. A Paradoxical Legacy*, Routledge, New York 2006.

<sup>4</sup> Foreign Minister Hubert Vedrine says that he now defines the United States as a "hyperpower," a new term that he thinks best describes "a country that is dominant or predominant in all categories." "Superpower," in his view, was a Cold War word that reflected military capabilities of both the Soviet Union and the United States. But now, the breadth of American strength is unique, extending beyond economics, technology or military might to "this domination of attitudes, concepts, language and modes of life." These words were first used by the French Foreign Minister Hubert Vedrine during his speech before the Association France-Amériques in February 1999 (quoted in: *The New York Times*, 1999, February 5). The essence of a hyperpower status is the full range of dominance, which is different from the status of a superpower like USSR and the U.S., which was defined during the Cold War only by the military potential.

<sup>5</sup> Among the positive outcomes of the implementation of this policy mention can be made to the ability of the UN Security Council for action in Haiti, and likewise the ability of many organizations (UN and NATO) to act in Bosnia and Herzegovina, as well as the response of organizations (NATO, UN) and countries, both participating in "Partnership for Peace" and those not bound by similar ties, to the terrorist attacks of September 11, 2001.

<sup>6</sup> The positive balance of the U.S. leadership includes both actions within the economic (NAFTA), as well as socio-political sphere (the U.S. partaking in the reunification of Germany, peaceful resolution of the Northern Ireland conflict, the actions symbolized by the "Partnership for Peace," which



After World War II the United States participated in creating the basis for a “security community” in Europe. Likewise it co-created the basis for European political and economic integration by participating in building of a system based on respect for fundamental human rights and freedom, democracy, the rule of law and market economy. This system was intended to be (and in fact was) a strong counterpoise (in reality the antithesis) to the Eastern Bloc marked by vassalage of its members towards the Soviet Union, and political and economic centralism alike.

It was the inspiration and support of the United States that has initiated the cooperation of Western European countries. Likewise, the United States has promoted the institutionalization of this cooperation. It was not a coincidence that the first politico-economic grouping after World War II, BENELUX, united the closest U.S. allies on the continent – Belgium and the Netherlands, whereas the OEEC<sup>7</sup> created a regime of the Marshall Plan implementation. Finally, the U.S. developed the concept of anchoring free and democratic Germany in a free and democratic Europe, underwriting thereby Germany’s security and the re-education of German society. This state of affairs lasted until the end of the Cold War and the collapse of the Eastern Bloc, when the U.S. strongly supported the transition of Central and Eastern European countries, as well as their aspirations to join European and transatlantic institutions, along with the unification of Germany which has become by that time an important member of the Western Hemisphere.

Founding fathers of the European Coal and Steel Community, Euratom and, first and foremost, the European Economic Community (EEC), were animated by a desire to unite Europe on federalist lines, and by such pragmatic concerns as the wish to insure the continent (and the world) against another war. This was combined with the belief that nationalism breeds war and with fears of the danger (and consequences) of economic peripheralization of European states, in case they were not incorporated into self-interest-restraining structures and mechanisms. They believed that cooperation and intimacy between nations undivided by borders would eradicate chauvinism and pave the way to European unity. This case was described by Walter Halstein (the first president of the EEC Commission): “War in the Western

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was joined by NATO members, as well as the attitude towards the member states of the Warsaw Pact, in particular the institutionalization of cooperation after the collapse of the Pact). The area where the leadership policy is implemented is the Middle East and the Korean Peninsula. American leadership is devoted to efforts to a peaceful elimination of threats to international peace in the regions of South-East Asia and the Persian Gulf.

<sup>7</sup> OEEC (Organisation for European Economic Co-operation) was established in Paris on April 16, 1948. It was a frame for the European Recovery Program (ERP) transferring resources to facilitate recovery and reconstruction of European economies and their cooperation with the U.S. Its successor (Organization for Economic Co-operation and Development, OECD) was founded by the agreement from December 14, 1960 and started its activity on September 30, 1961.

Europe has become impossible. Who could state this categorically if there were no European Economic Community?”<sup>8</sup>

The pragmatic reaction to this situation was the formation of the European Communities, which also made it possible, pending the appearance of a more favourable climate for federation, to start building the economic scaffolding for this project. In the spheres embraced by Community integration the market-economy state was “faintly present,” retaining only regulatory powers towards the market. The formally declared aim was to transform the area of the six Member States of the EEC into a common market in which the only serious borders would be the members’ borders with the outside countries. Political considerations guided the build-up of the Communities: the economic rationalism of the decisions taken facilitated this process and blunted the arguments of its opponents. Political reasons shaped the institutional model of European integration. They delimited its geopolitical range.

The task of building up “one Europe” based on common system of values and fully implemented social, economic, foreign and security policies initiated by the “message to the Europeans” sent by the European Movement Congress from the Hague, were divided among numerous organizations, and such a state lasted till it has become possible to put it into practice within institutional formula of the European Union. The organizational dimension did not mean dropping Sir Winston Churchill’s message from 1943: “It must eventually embrace all of Europe and all the main branches of the European family must one day be partners in it [...]. We must achieve the largest measure of common integrated life of Europe that is possible, without destroying the individual characteristics and traditions of its many ancient and historic races.”<sup>9</sup>

The attitude of the U.S. to the Asian countries was more complex. Dropping of the atomic bomb on Hiroshima and Nagasaki in August 1945 has affected the U.S. policy towards Japan and the perception of the U.S. by the Japanese society for many years. What is more, until the outbreak of the Korean War in 1950, when the U.S. categorically opted for one of the parties, the United States did not define a political strategy towards the whole Asia. At this time, the United States was only implementing a global policy with the Asian region as one of the components of it.

The lack of a detailed U.S. strategy towards Asia is not lessened by China’s presence among the great powers after World War II due to the American decision. This presence had merely a formal character. The “Great Powers” wanted both to uphold and to demonstrate unity. It was this latter goal that was to serve through the

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<sup>8</sup> See details in *La Communauté européenne, nouvel ordre juridique. Collection des discours de Walter Hallstein, discours prononcé devant le centre universitaire d’étude des Communautés européennes le 19 novembre, 1964*, Archives historiques de l’Union européenne.

<sup>9</sup> W. Churchill, *Post-War Councils on World Problems, A Four Year Plan for England* by Winston Churchill, *Prime Minister of Great Britain*, Broadcast from London over BBC, 1943, March 21, *Vital Speeches of the Day*, vol. IX, pp. 386–439, <http://www.ibiblio.org/pha/policy/1943/1943-03-21a.html> (retrieved: 18.05.2014).

institutionalization of the four Co-Chairs of the founding Conference of the United Nations, and this is why China, which had occupied an important place in American politics during World War II, was chosen for it. On the initiative of President Roosevelt in 1942 a coalition of allies with China, Great Britain and the USSR was created. The history of China as a permanent member of the UN Security Council is similar.

### **3. Features of European and Asian societies and their participation in international cooperation**

A significant limitation of Asian participation in the regional and, more broadly, international and even global cooperation is the disparity between its military, and even economic *global reach*, and its political influence (*global grasp*). The relatively small political influence of Asian countries is attributable to the significant fragmentation of Asia, manifested in distrust and animosities between the countries of the region, the presence of which hampers the deepening of cooperation, even in case of the countries from one hemisphere (Japan and South Korea).

There are many features distinguishing European societies from the Asian ones. They affect the participation of the states from both continents in different forms of international cooperation. As the most important we reckon individualism of the Transatlantic society and collectivism of the Asian societies. By the same token, the traditions of a society created by individuals grown up with the idea of the individual ownership, freedom and rights are different from the patterns of an authoritarian society with a depersonalized idea of ownership. In addition, the populations living in Europe and Asia have a radically different past and the memory of it.

It is no coincidence that the Asian countries lack cooperation institutions analogous to those in the Transatlantic space. In such a situation, in the short term perspective, institutionalization can result only from imitation (just as the dominant legal and political systems in Asia are consequence of imitation). The attractiveness of European solutions may be attributed to the multiplicity of experiences of Europe and the possibility of their selective application by the Asian countries. As for the participation of the Asian countries in universal or inter-regional institutions, the deciding factor is the ability to attract them predominantly by the U.S.

On the one hand, the existing disparity in international relations in favour of the U.S. promotes creation of an imperial world order, on the other hand, it does not preclude establishing of Asian organizations, or these created with the participation of the countries from the region, within the frame of the U.S. policy. The cooperation of Asian countries and their participation in international networks, to the extent limited by political factors, replicates methods and forms of cooperation in international organizations of a *forum* type, however, the potential for creating an institution that could be an actor in international relations is relatively low. This would require deeper integration, which the Asian countries do not approve.

#### 4. Orientation towards Asia or Europe – the political dilemma of the United States

The creation of the U.S. concept *Pivot to Asia* was triggered by a number of factors. Among them there are factors that can be associated with Europe (in a non-isosceles triangle U.S.-EU-Europe), with Asia, and there are also global factors.

There are many reasons contributing to the relative mutual distancing of Western Europe and the U.S. They are particularly evident in periods of stability and prosperity. They concern significant differences of socio-cultural models, as well as Europe's belief that the highest level of security can be warranted without incurring its costs. Even if we accept the fact that both the EU and the U.S. started to believe to the same extent in the transformation of Russia which ceased to pursue an aggressive and aimed at overthrowing the international order counter-systemic politics of the former Soviet Union, and that it tends towards partnership based on respect for the law and common values, the after-effects of this belief are different for the politics of the U.S. and Europe.

The U.S., a state safe thanks to its geopolitical and military position, still feels responsible for the international security. Europe rejects force as a method of acting so much that it is losing the will and ability to defend freedom and democracy against threats to these values. In Europe, even during the Cold War, popularity enjoyed concepts such as reunification of Germany in the formula of their *finlandization*, or the one of pouring sand in the gears of both superpowers. All the more so the economic and political problems of the U.S. are seen as a (due) compensation for the frustration associated with the selfishness of the United States (the U.S. position towards France's wars in Indochina and Algeria, and the Suez conflict), and as a reason to found European security on its own forces.

The analyses on security predict more and more often return in international relations to the situation on the eve of World War I outbreak. The successor of the negative hero (*bad guy*), i.e. the imperial Germany, seems to be China. One of the U.S. responses to the threat is its entry into the Pacific geopolitical environment and involvement in the construction of the Asian security architecture from the position of an insider, and not an observer (outsider). This idea results from the belief that, while history repeats itself, the experience gained from the past can be used in the next iteration. The *Pivot to Asia* is also affected by the fact that the U.S. rightly – as it seems – recognizes that it is not Europe that is the main source of turbulences in the world, and, at the same time, that it is outside Europe (i.e. at the heart of these turbulences) where the United States has very limited ability to initiate and control processes of long lasting changes of social, economic and political relations. Taking this into account, the significance attributed by the U.S. to Asia should not be surprising.

The U.S. policy towards the countries of the Asian region is going to shape the world's medium- and long-term future. The U.S. promotes institutionalization

of economic and political cooperation in the Transpacific formula. The economic component is to be the Treaty on Transpacific Partnership (TPP), a free trade agreement that is going to connect partners from the American continent (NAFTA countries, Chile and Peru), Asia (Brunei, Japan, Malaysia, Vietnam, Singapore), Australia and New Zealand. Together the countries negotiating the TPP make up 40% of global GDP and over 30% of world trade.<sup>10</sup>

In view of the U.S. orientation towards Asia, the European Union, while continuing its deepening and widening, started at the same time building a new economic and political space *Atlantic-Pacific*. In its creation NAFTA, Japan, Korea, Australia and New Zealand take part as well. By strengthening its bonds with Asia, the EU is not so much defending itself against competition from China, India and other rapidly developing underdeveloped countries, as rather seeking to implement its global vision. Such proceedings can be seen as a European version of the U.S. (and more broadly NAFTA's) reorientation towards Asia.

The EU has become a tangible actor on the international arena, and not an actor *in statu nascendi*. It were facts that contributed once to a critical for Europe and its ability to play an adequate to its aspirations in the foreign policy role speech by H. Kissinger, who in response to the allegation that the U.S. does not coordinate its global policy with Europe replied that he did not have a phone number to "Mr. Europe."<sup>11</sup> Today, no one undermines European capacity to create and implement foreign and security policy.<sup>12</sup> Europe has demonstrated the ability to function effectively in the global sphere of international relations, first, by prompting Iran to the initial cooperation in the field of non-proliferation regime,<sup>13</sup> which was the next step after reaction to the challenges coming from the North Korea, and secondly, by

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<sup>10</sup> For more on the importance of economic cooperation see J. Fuller, Why almost everyone hates the trade deal Obama's negotiating in Japan, *Washington Post* 2014, April 23, <http://www.washingtonpost.com/blogs/the-fix/wp/2014/04/23/why-almost-everyone-hates-the-trade-deal-obamas-negotiating-in-japan/> (retrieved: 18.05.2014).

<sup>11</sup> Variants of Kissinger's speech read as follows: "Who do I call if I want to call Europe?" and "Europe? Give me a name and a phone number", see e.g. <http://www.euractiv.com/security/solana-answer-call-kissinger/article-118090>.

<sup>12</sup> For current state of affairs and contemporary context see M. Sobczyk, Europe still seeks voice, says Kissinger, *The Wall Street Journal* 2012, June 27, <http://online.wsj.com/news/articles/SB10001424052702304830704577492901066964924> (retrieved: 15. 05.2014); and Spiegel interview with Henry Kissinger: "Europeans hide behind the unpopularity of President Bush", conducted by Gregor Peter Schmitz and Gabor Steingart in New York, *Spiegel on Line International* 2008, no. 8, <http://www.spiegel.de/international/world/spiegel-interview-with-henry-kissinger-europeans-hide-behind-the-unpopularity-of-president-bush-a-535964-2.html> (retrieved: 6.01.2015).

<sup>13</sup> This assessment is independent of whether Iran should be encouraged to pursue such cooperation and whether this policy has made Iran resign on treating nuclear weapons as an instrument of aggressive foreign policy, or whether other options were more appropriate. Nonetheless, Europe had recourse to peaceful means to solve the problem, unlike the U.S., that did not do so. Time will bring the answer to the question of whether Iran has eventually gained the time to rebuild its economic potential and to continue aggressive policy based on disregard for international law, or rather whether it is the world that

formulating and implementing the policy towards the “Arab Spring,” particularly towards Libya.

Using elements of the U.S. military capabilities is not an evidence of the EU’s weakness. The essence of Europe’s independence (and that of the European pillar of the Atlantic Alliance) is not the reproduction of the U.S. potential, but subsidiarity and compatibility of both partners’ potentials.

The reasons for the improvement of Europe’s international position are numerous. On the one hand, each member of the EU is aware of a synergy effect accountable for the fact that the role and significance of the European Union as a whole in international relations not only exceed the significance of each of its Member States, but is also higher than their summed potentials. Equally, it turns out in this case that the whole is greater than the sum of the parts. At the same time the disintegration of the bipolar system has proven the requirement of absolute obedience to the leader of the bloc (in this case the U.S. as the leader of the Western Hemisphere) to be an unnecessary relic. In the order that has emerged in the last decade of the 20<sup>th</sup> century, both in the unipolar variant and in accordance with the polycentric scenario, the presence of a strong and stable regional actor, capable of operating within the universal relationships, is crucial. The European Union has become such an actor.

One cannot ignore the specific defensive dimension of the EU’s efforts to deepen the ties with the United States either. The European Union, and Europe in a broader sense, has to fear the consequences of a possible enduring U.S. change toward the Pacific region, and a radical lessening of its presence in Europe.<sup>14</sup> *Pivot to Asia*<sup>15</sup>

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has gained the necessary time to build – as the result of internal developments in Iran – a system based on respect for international law, democracy, human rights and market economy.

<sup>14</sup> Hillary Clinton stated: “As the war in Iraq winds down and America begins to withdraw its forces from Afghanistan, the United States stands at a pivot point. Over the last 10 years, we have allocated immense resources to those two theaters. In the next 10 years, we need to be smart and systematic about where we invest time and energy, so that we put ourselves in the best position to sustain our leadership, secure our interests, and advance our values. One of the most important tasks of American statecraft over the next decade will therefore be to lock in a substantially increased investment – diplomatic, economic, strategic, and otherwise – in the Asia-Pacific region. The Asia-Pacific has become a key driver of global politics. Stretching from the Indian subcontinent to the western shores of the Americas, the region spans two oceans – the Pacific and the Indian – that are increasingly linked by shipping and strategy. [...] As we move forward to set the stage for engagement in the Asia-Pacific over the next 60 years, we are mindful of the bipartisan legacy that has shaped our engagement for the past 60. And we are focused on the steps we have to take at home – increasing our savings, reforming our financial systems, relying less on borrowing, overcoming partisan division – to secure and sustain our leadership abroad. [...] This kind of pivot is not easy, but we have paved the way for it over the past two-and-a-half years, and we are committed to seeing it through as among the most important diplomatic efforts of our time,” H. Clinton, *America’s Pacific Century*. The future of politics will be decided in Asia, not Afghanistan or Iraq, and the United States will be right at the center of the action, *Foreign Policy* 2011, October 11, [http://www.foreignpolicy.com/articles/2011/10/11/americas\\_pacific\\_century](http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century) (retrieved: 17.05.2014).

<sup>15</sup> S. Robles, Is the US “pivot to Asia” in danger?, *The International* 2013, October 26, <http://www.newsrecord.co/is-the-us-pivot-to-asia-in-danger/http://www.newsrecord.co/2013/10/> (retrieved: 16.05.2014).



entails primarily the risk of bringing about Europe's security vacuum, which is particularly dangerous in view of Russia's return to the aggressive and expansionist policy of the former Soviet Union.<sup>16</sup> The EU, unable to stop the growing importance of Asia in the U.S. policy, seeks to offset the threat of imbalance and advantages of Asia. This EU policy, while defensive, is not reactive. Seeking an agreement with the U.S., the EU shows perfect timing. It seems that none of the earlier U.S. presidents was as pro-European (in the meaning of Europe as continental Europe) in the perception of politics and himself as Barack Obama.

## **5. Transatlantic Trade and Investment Partnership as a means of strengthening economic ties between the EU and the United States**

In the current situation, the deepening of economic cooperation within the frame of the "Atlantic Bridge" will enable to strengthen its structure. The U.S.-Europe (EU) cooperation will cease to be grounded solely in the past, in the memory of the world wars and dangers typical for the bipolar world. In a multicultural and diversified transatlantic space the economic cooperation constitutes a more durable basis for the mutual relationship than common threats. It is less dependent on short-term fluctuations and less sensitive to new alliances.

An analysis of the significance of the Transatlantic Trade and Investment Partnership (TTIP) should be preceded by a brief assessment of the role played by the EU and the U.S. in world's economy. In 1995, the U.S. and the EU<sup>17</sup> produced almost 60% of world GDP (in real terms). Their exports (in the case of EU external exports) exceed 25% of global exports. At the beginning of the second decade of the twenty-first century, the position of both partners in the global economy is much worse than at the end of the twentieth century. One of the reasons was the global economic crisis starting in the autumn 2008. In 2012, the share of the EU and the U.S. in world GDP amounted to 52.3%. In turn, the exports of both partners exceed 20% of world exports.<sup>18</sup>

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<sup>16</sup> Russia disregards the law and international obligations just like the Soviet Union did, but its politics, unlike the prevailing policy of the USSR in its duration, is unpredictable and (not?) rational. The international order, which was co-created by the USSR, was characterized by minimum security and maximum stability. Currently, the relative increase in security is redeemed by drastic reduction of stability, to the causes of which Russia contributes.

<sup>17</sup> The EU is treated according to its composition of states in individual years. Thus, in a study covering the period 1995–2012 the changes in the number of its members in connection with the subsequent accessions are taken into account.

<sup>18</sup> See E. Czarny, J. Menkes, K. Śledziwska, Umowa o partnerstwie handlowo-inwestycyjnym między Stanami Zjednoczonymi i Unią Europejską jako narzędzie współpracy międzynarodowej, *International Business and Global Economy* 2014, no. 33, Uniwersytet Gdański, pp. 40–53.

The TTIP is to be seen against the background of the progress of discriminatory liberalization of economic cooperation and the deadlock in the non-discriminatory negotiations within the WTO. Nowadays multilateral negotiations under auspices of WTO are more complex than in the past. They cover a broad range of subjects, including not only trade liberalization but also environment and intellectual property protection. As the prospects for global cooperation and multilateral negotiations are unclear, many countries and groups of countries look for alternative forms of international cooperation. The result is enhancement of regional integration allowing its participants to benefit without bearing costs of multicultural worldwide cooperation. Homogeneity of collective subjects of international relations (e.g. EU or NAFTA) helps to reduce internal transaction costs. Regional integration begins often in form of preferential trade agreements among the member countries. All the expected gains of economic integration can be experienced in the framework of TTIP.

TTIP aims at deepening the economic ties between the United States and the EU. This agreement is a natural complement to the Atlantic-Pacific agreement. It is also an agreement that will significantly change the global balance of power. TTIP is in fact another radical change in the policies of both the EU and – above all – the United States, balancing the potential reorientation of the U.S. towards Asia.

The global importance of TTIP results from the specificity of the parties and their ambitious plans concerning the substance of the agreement. This agreement is meant to go far beyond a Free Trade Area (FTA) which is most probably going to come into being in a form thought of in the WTO. It will include the extension of the subject of preferences so that it comprises free trade in services, which is called by the WTO economic integration<sup>19</sup> (EIA, Economic Integration Agreement), pursuant to Article V of the GATS. Since the free trade in services requires, among others, the presence of the service provider on the partner's market as well as the free movement of purchasers and producers of services, its implementation entails deeper connections of state economies than in the case of free trade in goods.

Equally, the working name for the forthcoming EU–U.S.A. agreement, Transatlantic Trade and Investment Partnership, is an indication for its broader range than in case of an FTA. Likewise, judging by the already made arrangements concerning the discriminatory liberalization of the EU's economic cooperation with Canada, as well as by other selected agreements on economic preferences that were concluded by the EU and the U.S. (particularly those with developed countries), one can assume that the TTIP will cover not only principles of liberalization of trade in goods. In addition to the reduction of customs such issues will be adjusted:

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<sup>19</sup> The term “economic integration” used in this context is not identical with, for instance, full economic integration as proposed by B. Balassa, *Economies of scale in the European Common Market*, *Economia Internazionale* 1961, vol. 14, no. 2, pp. 198–215. The latter means merging of an integrated area, whereas the first one is just a part of the whole process.



elimination of non-tariff barriers to trade, freedom of trade in services and rules for foreign investment regime, public procurement, protection of intellectual property rights, ways of dispute settlement.<sup>20</sup> TTIP will presumably turn out to be a model for subsequent RTAs (it is especially feasible in the area of technical standards applying to products). It can also significantly affect the fate of multilateral liberalization negotiations under the WTO bringing about either some ready-made solutions or at least an incentive for discussion.

TTIP negotiations are underway.<sup>21</sup> In November 2013 the discussions revolved around liberalization of trade in services, energy and natural resources, and around the protection of foreign investments. It was the second round of negotiations, which took place with a delay due to the fiscal paralysis the U.S. administration. This demonstrates the sensitivity of the negotiations to the internal problems of the parties. At the same time, it proves that the deterioration of the U.S.-Germany (and partly even U.S.-rest of Europe) relations as the consequence of the phone hacking scandal did not change the negotiations agenda.

On 20<sup>th</sup> December 2013 the third round of TTIP negotiations in Washington came to an end.<sup>22</sup> The talks concerning parties' expectations as to the access to services markets and systems of mutual protection of investments were continued. Analysed was an American model of a bilateral agreement on mutual protection of investments BIT<sup>23</sup> (Bilateral Investment Treaty) that was applied in the agreement constituting the NAFTA, as well as the experience pertaining to the mechanism of dispute settlement within it.<sup>24</sup> There have been also regulatory problems studied, including the EU model of technical barriers to trade. Progress in talks on the automotive sector has

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<sup>20</sup> On March 19 this year a change in Germany's position concerning the inclusion of the agreement on investment arbitration has occurred, which may result in limiting the scope of the agreement, and which is a manifestation of additional concerns of the Member States as to the shape of TTIP. This change took place after the French pronouncements on protection of culture, the British ones on protection of their financial sector, as well as objections raised by many institutions (subjects) concerning environmental protection and food security. Accordingly, the EU shows a growing reticence to this agreement. For more see K. Karadelis, *Germany shuns arbitration in EU-US treaty*, <http://globalarbitrationreview.com/news/article/32512/germany-shuns-arbitration-eu-us-treaty/>.

<sup>21</sup> For details see E. Czarny, J. Menkes, K. Śledziwska, *Umowa o partnerstwie...*

<sup>22</sup> For more see: *NSA affair could block EU-US free trade talks*, DW 29.10.2013, <http://www.dw.de/nsa-affair-could-block-eu-us-free-trade-talks/a-17188736> (retrieved: 16.05.2014).

<sup>23</sup> In view of the absence of more universal regulations, the protection of foreign investments is regulated by bilateral agreements (BITs). There are usually two model solutions accepted, which originate from different principles, although they bring forth identical practice. In the first case, the state authorities of a country – the Parties, commit themselves to promote the tendency of investors coming from the partner country to invest in its territory. In the second model, the state authorities leave the contracting parties the right to specify the terms of the contract, unless they violate the law. For more information see E. Czarny, J. Menkes, *Napływ kapitału bezpośredniego a system polityczno-gospodarczy w krajach słabo rozwiniętych*, *Mysł Ekonomiczna i Prawna* 2008, vol. 21, no. 2, pp. 15–37.

<sup>24</sup> As to the questions concerning the ISDS (Investor-State Dispute Settlement) the EU position is constantly changing.

been achieved. Contentious issues were: equal access of European firms to public procurement in various states in the U.S., and regulations on agriculture on the part of the U.S. In this latter case the disparities arise mainly from the different nature of agricultural production in the EU and the U.S., as well as from different approaches to genetically modified products (GMO, Genetically Modified Organisms). On the agenda for the year 2014 are the next five rounds of negotiations and the conclusion of the agreement.

## 6. Conclusions

What is optimistic is the fact that the political and economic situation in the world seems to favour strengthening and consolidation of the U.S.-EU cooperation. Deciding are in this case, paradoxically, errors of both actors.

The U.S. has squandered the Kissinger's intellectual legacy allowing that the mutual options of China and Russia within the U.S.-Russia-China triangle are wider than the capacity of the United States in dealing with each of the partners. Europe has recognized that Russia takes over the Western patterns and "Europeanizes", and also that President Putin will not stop at merely changing the officers in the ministries of power into suits, but will actually accede to the Council of Europe, which means that he is going to accept and respect European values. Policy of Russia, namely the Russia of Vladimir Putin of the second decade of the 21<sup>st</sup> century is both rational and unpredictable. It accounts for fears of threats and rejection of universal values as well as disrespect for commitments. It is impossible to forecast the course of action in longer perspective through the prism of international law standards. Predictable seems the assumption that Russia is and will not be the member of the international community of states of law. It is difficult to overstate the scale of mistakes. The opportunity arising is to go back to work and make the Atlantic an internal lake for states constituting a community of democracies, security and economic prosperity.

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## ROLA I ZNACZENIE AZJI I EUROPY W POLITYCE USA

**Streszczenie:** W tym badaniu przedstawiamy zmiany amerykańskiej polityki wobec Europy i Azji. Rozpoczynamy je prezentacją polityki USA wobec Europy w czasie II wojny światowej i po niej. Analizujemy przejawy amerykańskiego wsparcia współpracy państw Europy Zachodniej. Porównujemy postępowanie USA wobec Europy i ich postępowanie wobec państw z kontynentu azjatyckiego. Analizujemy ponadto cechy społeczeństw europejskich i azjatyckich oraz ich wpływ na udział tych społeczeństw we współpracy międzynarodowej. Przedstawiamy też politykę UE będącą reakcją na amerykański *Pivot to Asia*. Objasniamy *Transatlantic Trade and Investment Partnership* między UE i USA jako sposób na zacieśnienie związków między partnerami negocjującymi to porozumienie.

**Słowa kluczowe:** polityka USA, integracja gospodarcza, Azja, Europa.