



## **A Deeper and Wider Atlantic**

**Riccardo Alcaro and Emiliano Alessandri**

### **Abstract**

This paper analyses the prospects for establishing an EU-US free trade area, as well as its implications for the West's relations with South Atlantic players from Latin America and Africa. The authors discuss the Transatlantic Free Trade Area (TAFTA) and "wider Atlantic" concepts by providing their contexts and rationale and highlighting the role they could respectively play in enhancing transatlantic cooperation.

**Keywords:** *European Union / USA / Transatlantic relations / External trade / Transatlantic Free Trade Area (TAFTA) / North Atlantic / South Atlantic*

---

## A Deeper and Wider Atlantic

by Riccardo Alcaro and Emiliano Alessandri\*

### Introduction

As the Obama administration sets out to define its objectives and priorities for the second term and European leaders re-emerge from an exhausting battle against the Eurozone crisis, time may finally be ripe for a meaningful debate on how to reinvigorate and renew the transatlantic relationship. Bold proposals are being put forward and big ideas are being considered.

Prominent among these is the project of establishing an EU-US free trade area, alternatively known as the Transatlantic Free Trade Area (TAFTA), and the vision of a “wider Atlantic” space featuring a more balanced relationship between North Atlantic countries, as represented by NATO and the EU, and the emerging economies in Atlantic Africa and Latin America.

The former project focuses on strengthening the existing transatlantic bonds as a way to help with each other’s economic challenges while reaffirming transatlantic leadership, the latter puts emphasis on the need to reconceptualize the Atlantic altogether by including the North-South and South-South dimensions in future transatlantic policy discussions.

Although separate and at very different stages of development, the two visions could be seen as complementary in the long term as the revitalization of the transatlantic relationship is sought through a twin process of “deepening and widening” of the transatlantic space.

Power calculations, economic advantage, similarities of culture and values, and strategic opportunity are among the main considerations that have guided these proposals. US and European leaders seem to agree that while full recovery and future growth will primarily depend on domestic reform, the success of their societies will also be staked on international initiatives capable of reverting or avoiding what some consider the predicament of Western decline. For their part, countries from the fast-developing Central and Southern Atlantic regions, east and west, may for the first time be in a position to set the terms of a more equal dialogue with the traditionally more developed North based on mutual interests and a sharing of principles.

---

Paper prepared for the Istituto Affari Internazionali (IAI), February 2013. Presented at the international conference on “Europe and the Americas. Deepening and Widening the Atlantic”, Rome, 5 February 2013. The conference has been co-organized by the Italian Ministry of Foreign Affairs and the Istituto Affari Internazionali (IAI) in cooperation with Compagnia di San Paolo and German Marshall Fund (GMF).

\* Riccardo Alcaro is senior fellow at the Istituto Affari Internazionali (IAI) of Rome. Emiliano Alessandri is senior transatlantic fellow at the German Marshall Fund of the United States (GMF) of Washington.

What follows discusses the TAFTA and “wider Atlantic” concepts by providing their contexts and rationale and highlighting the role they could respectively play in enhancing transatlantic cooperation.

## Part I. A deeper bond: TAFTA and EU-US economic integration

The idea of a free trade area between the EU and the US has been explored for many years. In the post-Cold War period, the 1995 *New Transatlantic Agenda* stated the objective of a “New Transatlantic Marketplace”, “which will expand trade and investment opportunities and multiply jobs on both sides of the Atlantic”, while underling that Europe and the US bear a “special responsibility to lead multilateral efforts towards a more open system of trade and investment”.<sup>1</sup> More recently during the 2000s, institutions such as the Transatlantic Economic Council (TEC) were created, “to increase the transparency and efficiency of [transatlantic] economic cooperation and to accelerate the reduction of barriers to international trade and investment”.<sup>2</sup>

While progress in select areas has taken place - the so-called “Open Skies” agreements for transatlantic air transport, the US-EU *Organic Equivalence Agreement* on organic products, a memorandum of understanding on “secure trade” - deep transatlantic economic integration through full-scale liberalization and harmonization has proved elusive.

Among the often cited reasons is the resistance of organized interest groups and lobbies, from automakers to farmers, as well as (and above all) a universe of non-tariff barriers, from environmental safeguards to other regulatory standards, that are deemed to be the product not just of legal economic regimes that have developed independently but of different legal cultures, country-specific sensitivities, deep-seated traditions, and social-economic preferences. The work of the Transatlantic Economic Council is said to have been significantly slowed down or complicated by the intractability of non-tariff issues rather than traditional barriers to trade, together with the perhaps incautious decision to tackle head-on the thorny question of agriculture and agricultural subsidies.

### 1. A recent surge in interest

Despite past setbacks, in recent months the vision of a comprehensive transatlantic trade agreement as the center-piece of a larger deal encompassing other critical areas such as investment, services, intellectual property rights, and procurement has gained traction again, receiving the endorsement of eminent personalities on both sides of the

<sup>1</sup> *New Transatlantic Agenda*, 3 December 1995, <http://www.eurunion.org/partner/agenda.htm>.

<sup>2</sup> Framework for Advancing Transatlantic Economic Integration Between the European Union and the United States of America, 30 April 2007, [http://trade.ec.europa.eu/doclib/docs/2007/may/tradoc\\_134654.pdf](http://trade.ec.europa.eu/doclib/docs/2007/may/tradoc_134654.pdf).

Atlantic.<sup>3</sup> In a legacy speech at the Brookings Institution on 29 November 2012, former Secretary of State Hillary Clinton presented it as the next big project for transatlantic relations. Echoing similar statements made in European capitals, Clinton argued that “stronger trade and investment ties” are “a major strategic goal of our transatlantic alliance”, and underscored that “an agreement that opens markets and liberalizes trade would shore up our global competitiveness for the next century”.<sup>4</sup>

Formal talks could be launched soon after the publication of the final report of the EU-US High-Level Working Group on Jobs and Growth (HLWG) which was tasked with providing recommendations on the subject. Established at the 2011 EU-US summit and headed by respective trade representatives, the HLWG released an interim report in June 2012 recommending deeper transatlantic economic integration.<sup>5</sup> The upcoming final report, whose publication has been delayed reportedly in an attempt to include in it persuasive counter-arguments to any major relevant objections governments and interest groups could have, is expected to reinforce the message while detailing concrete steps for moving the agenda forward.<sup>6</sup>

In fact, the drafting of the interim and final reports - a process that has taken several months and many meetings - has offered the cover for the EU and US to carry on a preliminary confidence-building exercise during which sensitive issues that had caused setbacks in the past were reviewed at working group level in an effort to verify the progress that could be made in the present context. Insiders seem to agree that this phase has been overall completed and largely in a satisfactory manner, and the major test now rests with the willingness of respective political leaders to give the “go-ahead” and provide the necessary impetus for the next steps.

Some hope that US President Barack Obama’s State of the Union address on 12 February will include transatlantic trade liberalization in the next US agenda, formalizing a commitment from the US side which for now has been more hesitant to come than from Europe, where individual governments and the European Council have come forth with strong endorsements already. Provided that the US president will decide to invest political capital in this project in his second term and be able to obtain “trade promotion authority” from Congress (the so-called “fast track authority”), some speculate that a new EU-US trade deal could be successfully concluded as early as 2014.<sup>7</sup>

---

<sup>3</sup> See, for instance, Javier Solana, “Transatlantic Free Trade?”, in *Project Syndicate*, 28 December 2012, <http://www.project-syndicate.org/commentary/why-the-us-and-the-eu-need-a-free-trade-agreement-by-javier-solana>.

<sup>4</sup> Hillary Clinton, *U.S. and Europe: A Revitalized Global Partnership*, remarks at Brookings Institution, Washington, 29 November 2012, <http://www.state.gov/secretary/rm/2012/11/201223.htm>.

<sup>5</sup> *Interim Report to Leaders from the Co-Chairs of the EU-U.S. High Level Working Group on Jobs and Growth*, 19 June 2012, [http://trade.ec.europa.eu/doclib/docs/2012/june/tradoc\\_149557.pdf](http://trade.ec.europa.eu/doclib/docs/2012/june/tradoc_149557.pdf).

<sup>6</sup> Jack Ewing, “Trade Official Says U.S. Wants Deal with Europe”, in *The New York Times DealBook*, 27 January 2013, <http://dealbook.nytimes.com/2013/01/27/trade-official-says-u-s-wants-deal-with-europe>.

<sup>7</sup> Mireya Solís and Justin Vaïsse, “Free Trade Game Changer”, in Martin Indyk, Tanvi Madan, and Thomas Wright (eds.), *Big Bets, Black Swans. A Presidential Briefing Book*, Washington, Brookings Institution, January 2013, <http://www.brookings.edu/research/papers/2013/01/free-trade-game-changer>.

---

## 2. A more compelling context

Behind cautious optimism about most recent developments is the belief that a multiplicity of factors and considerations have come together to strengthen the case for a strong push in transatlantic economic integration, starting with trade.

Among these is the realization that the North Atlantic economy's historical preponderance will be fast eroded if bold steps are not taken towards further integration. A second powerful incentive is the consideration that in the current context of weak recovery and fiscal austerity, liberalization could help generate much-needed economic growth in both the US and Europe, boost respective export sectors, and create new employment without undermining deficit reduction strategies that are being implemented on both sides of the Atlantic. A third orientation that is gaining ground is that trade liberalization at the regional level can help obviate the impasse of the World Trade Organization (WTO)-run Doha Round talks at the global level, which have stalled for years, preserving multilateral trade liberalization where possible while hopefully creating the incentives for a resurgence of the multilateral trading system in the coming years.

Finally, there seems to be widespread agreement on both sides of the Atlantic that transatlantic economic integration can serve larger strategic objectives. Revamped EU-US trade cooperation would reaffirm and strengthen the EU-US bond at a time of growing multipolarity, complement Western-led trade initiatives in other regions of the world, such as the US-inspired Trans Pacific Partnership (TPP), while sending a strong signal that the West remains committed to the preservation of the liberal international economic order and ready to invest energies and mobilize new resources for ensuring its continuation.

## 3. A diminished primacy

As to the first point, Western economic preponderance, studies have clearly documented that the transatlantic economy stands out as the wealthiest area in the world, accounting for around 50 percent of world GDP in terms of value, generating some \$5 trillion in total commercial sales, and employing around 15 million workers in "onshored" jobs on both sides of the Atlantic.<sup>8</sup> Even more significant is that the most recent economic downturn has not fundamentally altered this reality: the US and Europe remain each other's most important partners, no other commercial artery in the world being as important and as integrated. With 57 percent of the world's population, for instance, Asia accounted for just 35 percent of the world's GDP in 2010.<sup>9</sup>

---

<sup>8</sup> Daniel Hamilton and Joseph P. Quinlan (eds), *The Transatlantic Economy 2012*, Washington, Center for Transatlantic Relations, 2012, <http://transatlantic.sais-jhu.edu/transatlantic-topics/transatlantic-economy-series.htm>.

<sup>9</sup> International Monetary Fund (IMF), *World Economic Outlook 2011. Tensions from the Two-Speed Recovery: Unemployment, Commodities, and Capital Flows*, Washington, IMF, April 2011, <http://www.imf.org/external/pubs/ft/weo/2011/01>.

Moreover, while growth and trade patterns are rapidly changing as a result of new international balances, investment and finance have remained areas of straight-out pre-eminence of North Atlantic actors. For every dollar that is traded in the transatlantic space, four are invested. Cross-investment between US and Europe totals around \$2.7 trillion, Europe and the US together accounting for an overwhelming two thirds of the world's foreign direct investment (FDI) outward stock. Germany alone was the source of \$216 billion of investment in the US market in 2011. By contrast, in the same year, US-bound Chinese and Indian FDI *combined* amounted to less than \$9 billion.<sup>10</sup> The transatlantic economy also accounts for over two thirds of global banking assets and three quarters of global financial services notwithstanding the impact of the 2008 financial crisis.

On the other hand, there is growing recognition that growth rate differentials between transatlantic economies and emerging markets, which the economic crisis has further widened, may not be temporary, reflecting instead deeper trends towards a structural rebalancing between the developed and developing worlds after centuries of Western dominance. Together with most recent budgetary and fiscal challenges facing both the US and Europe, these dynamics are set to weaken the position of North Atlantic actors in the long term, most likely challenging their once uncontested leadership already in the medium term. It is estimated, for instance, that in less than twenty years the transatlantic share of global GDP may shrink to 31.6 percent. According to International Monetary Fund (IMF) estimates, by 2030 the combined economic weight of China and India will have already surpassed that of the US and the EU.<sup>11</sup>

Against this background, available data shows and supporting analysis confirms that liberalization in trade and services could contain those negative trends affecting the US and EU in a more multipolar global economy, while significantly helping with some of the most pressing domestic priorities facing transatlantic societies.<sup>12</sup> But the real importance of TAFTA is not so much that it can preserve a determined share of the world's GDP for the US and the EU, but rather that it can help improve their economic prospects and therefore potentially also those of their main commercial partners.

#### 4. A much-needed shot in the arm

Several experts concur that a comprehensive EU-US trade and investment agreement could add up to 1.5 percent points of annual GDP growth to the US economy.<sup>13</sup> For EU economies the figure could be slightly lower but still significant.

---

<sup>10</sup> Representative of German Industry and Trade website, <http://www.rgit-usa.com>.

<sup>11</sup> International Monetary Fund (IMF), *World Economic Outlook October 2012. Coping with High Debt and Sluggish Growth*, Washington, IMF, 2012, <http://www.imf.org/external/pubs/ft/weo/2012/02>.

<sup>12</sup> See, for instance, Joe Quinlan, "Losing Control: The Transatlantic Partnership, the Developing Nations, and the Next Phase of Globalization", in *Transatlantic Academy Paper Series*, March 2011, <http://www.gmfus.org/archives/losing-control-the-transatlantic-partnership-the-developing-nations-and-the-next-phase-of-globalization>.

<sup>13</sup> See, among others, Stuart E. Eizenstat and Daniel S. Hamilton, "Time for New Transatlantic Partnership", in *San Francisco Chronicle*, 15 December 2012, <http://www.sfgate.com/opinion/article/Time-for-new-trans-Atlantic-partnership-4121160.php>.

While tariff levels on traded goods are comparatively very low in the transatlantic economy, averaging 3-4 percent, gains could still be significant in specific sectors that have traditionally enjoyed protection and, more critically, because of the high volumes of exchange, currently ranging over \$600 billion. According to Sweden's National Board of Trade, transatlantic trade could go up 20 percent annually in the case a comprehensive agreement was enacted.<sup>14</sup> If bold steps were also taken in the direction of greater regulatory convergence, the US Chamber of Commerce estimates that even a halving of non-tariff barriers could generate around a 3 percent increase in GDP growth on both sides of the Atlantic.<sup>15</sup> Liberalization is also believed to help with boosting employment. It is estimated that up to 7 million new jobs could be created over the years as a result.<sup>16</sup>

Among the most recent arguments in favor of liberalization is, in fact, the appealing notion that TAFTA could effectively work as a large-scale “deficit-free” stimulus of significant tangible benefit to both the European and American economies as they struggle with an anemic recovery, especially in Europe. In a common transatlantic context of serious budget deficits and consolidation objectives, growth through liberalization and harmonization appears as a more sustainable prospect than Keynesian fiscal spending, at least in the long term.

The current sense of urgency stems from low growth rates in both economies (US GDP is estimated to grow by only 2 percent in 2013 while the Eurozone is expected to stagnate at around -0.2 percent), high unemployment (currently at 7.8 percent in the US and 11.8 percent in the Eurozone), and exports levels that are considered unsatisfactory on both sides of the Atlantic.<sup>17</sup> The Obama administration in particular is now struggling with its 2010 goal to double US exports by the end of 2014.<sup>18</sup> Yet, the importance of an export-led recovery is hardly disputable. Studies have documented that exports have been a key piece of US recovery after the 2007-2008 financial crisis, accounting for almost half of recent US growth, more than the average 12 percent in the economic cycles prior to the crisis.<sup>19</sup> Manufacturing alone was responsible for three quarters of additional sales abroad between 2009 and 2010.

---

<sup>14</sup> Swedish National Board of Trade, *Trade Facilitation*, <http://www.kommers.se/In-English/National-Board-of-Trade>.

<sup>15</sup> U.S. Chamber of Commerce, *Transatlantic Economic and Trade Pact (ETP)*, <http://www.uschamber.com/international/europe/transatlantic-economic-integration>.

<sup>16</sup> “Effects have been the object of studies for select sectors. If the Open Skies agreement already in place could be further liberalized, for instance, the more integrated transatlantic air transport sector could generate some 80,000 new jobs, together with lower fares for customers, at no cost for participating governments. See Daniel Hamilton and Joseph P. Quinlan (eds), *The Transatlantic Economy 2012*, cit.

<sup>17</sup> Heather Scott, “IMF Trims 2013,2014 GDP Est vs Oct for World, Most Major Econs”, in *MNI News*, 23 January 2013, <https://mninews.marketnews.com/print/631486>.

<sup>18</sup> U.S. Department of Commerce, International Trade Administration, *National Export Initiative*, <http://trade.gov/nei>.

<sup>19</sup> Emilia Istrate and Nicholas Marchio, *Export Nation 2012: How U.S. Metropolitan Areas Are Driving National Growth*, Washington, Brookings Institution, 8 March 2012, <http://www.brookings.edu/research/reports/2012/03/08-exports>.

## 5. Strategic opportunity

A third set of considerations has to do with the larger implications, from the political impact to potential multiplier effects, of transatlantic trade liberalization. Here emphasis is put on transatlantic economic integration as a strategic opportunity for the West. TAFTA is currently being discussed both in Washington and European capitals as the centre piece of a renewed Transatlantic partnership which would at once assuage widespread fears about Europe's downgrade in the US strategy. By concluding a massive trade deal with the EU, the Obama administration would demonstrate that the "pivot to Asia" does not come at the expenses of transatlantic engagement.<sup>20</sup>

A TAFTA or similar deal is also seen as a *bridge to the outer world*, from the other economies of the Atlantic basin with which the US and Europe already have important trade and investment relationships (see Part II) to booming markets in Asia. The EU-US FTA could in fact give birth to a larger, progressively more integrated, Atlantic trade area. The Obama administration seems interested in reviving talks for trade agreements in the Americas after the failure of the Free Trade Area of the Americas (FTAA) during the Bush years. Concern is in fact mounting that in the absence of strong leadership and new initiatives, a number of Latin American countries could go down a path of protectionism, which could weaken their ties with developed markets in the North. For its part, the EU has engaged in trade talks with virtually all actors around the Atlantic basin, and has either ongoing talks or agreements in place with all major economies, from Mexico to South Africa.

So far, far-reaching regional agreements have proved difficult. The EU, for instance, has not been able to complete a long-negotiated trade deal with the Mercado Comùn del Sur (MERCOSUR), the 1991 political-economic arrangement now consisting of Argentina, Brazil, Paraguay, Uruguay and Venezuela, due to the intractability of traditionally sensitive issues such as agriculture but also because of the growing influence of protectionist positions in places like Brazil. Nonetheless, the US and EU have both signed FTAs with individual Latin American countries, such as Colombia. The EU is also in the final stretch of negotiations of an FTA with Canada, a member of the North American Free Trade Agreement (NAFTA), whose main trade partners are the US and Europe.

If conceived of as open to third parties willing to reciprocate, the bilateral TAFTA could become the backbone of future "plurilateral" initiatives.<sup>21</sup> Through these the EU and the US would prod a larger group of countries, in the Atlantic and beyond, to embrace new standards while reaffirming a commitment to the principles of an open and rule-based global economic order, thus providing a response to the ever present risk of protectionism and the challenges posed by competition from such countries as China,

<sup>20</sup> As former Secretary Clinton put it, that America's "re-orientation toward Asia is not a withdrawal from Europe". See Hillary Clinton, *U.S. and Europe: A Revitalized Global Partnership*, cit. See also David Ignatius, "A Free Trade Agreement with Europe?", in *The Washington Post*, 5 December 2005, [http://articles.washingtonpost.com/2012-12-05/opinions/35638623\\_1\\_free-trade-free-trade-agreement-trans-atlantic-trade](http://articles.washingtonpost.com/2012-12-05/opinions/35638623_1_free-trade-free-trade-agreement-trans-atlantic-trade).

<sup>21</sup> Fred Bergsten, "Open Regionalism", in *PIIE Working Papers*, No. 97-3 (1997), <http://www.iie.com/publications/wp/wp.cfm?researchid=152>.



that are said to reject free-market principles as they keep developing as state capitalist systems.<sup>22</sup>

## 6. Complementing TPP, balancing China?

The TAFTA project is also seen as complementing other existing initiatives in the Pacific. In 2009, the US-backed Trans-Pacific Partnership was launched, featuring an ambitious wide-ranging liberalization agenda among some dozen countries of the Pacific. The initiative seems intended to strengthen ties between the US and some of its traditional and newer partners in Asia, from Australia to Vietnam, while using Asia-Pacific economic integration also as a way to counterbalance China's growing clout in the region.<sup>23</sup>

Although some remain hopeful that talks can be completed in the near future, many recognize that the project has run into growing technical and political difficulties, partly because of deeply rooted protectionist tendencies in some of the economies involved, partly because policies that are perceived politically as anti-Chinese may be problematic to regional actors that depend so much on trade with China, which is moreover a rising superpower they have no incentive to antagonize.<sup>24</sup>

Especially from the US perspective, TAFTA could provide an Atlantic counterpart to the TPP capable at one and the same time to diversify the US trade agenda and possibly trigger a dynamic of competitive trade liberalization. Former US Secretary of State Madeleine Albright stated at a recent talk in Washington that TAFTA and TPP could indeed be presented by the Obama administration as "complementary", as from standards and goals setting to the implementation process, the two instruments could be seen as mutually supportive.<sup>25</sup> If successful, TPP and TAFTA would help strengthen the liberal economic order in the world's two largest economic areas while renewing and reinvigorating a number of relationships between the US and its allies. The EU, for its part, could both receive a tangible confirmation of America's commitment to Europe and take advantage of US-led trade arrangements in Asia to develop its own trade approach to the Pacific region.

## 7. The Devil is in the details

As to the prospects of TAFTA moving from vision to reality, the scope and format of negotiations will be as important as the level of political commitment. Even a more

<sup>22</sup> For a discussion, Pawel Swieboda and Bruce Stokes (eds.), *The Case for Renewing Transatlantic Capitalism*, 12 March 2012, <http://www.atlanticcapitalism.eu/post.php?id=46>.

<sup>23</sup> See, among others, Wen Jin Yuan, "The Trans-Pacific Partnership and China's Corresponding Strategies", in *Freeman Chair in China Studies*, June 2012, <http://csis.org/publication/trans-pacific-partnership-and-chinas-corresponding-strategies>.

<sup>24</sup> Sourabh Gupta, "Will the TPP Disrupt or Facilitate Supply Chains?", in *East Asia Forum*, 6 January 2013, <http://www.eastasiaforum.org/2013/01/06/will-the-tpp-facilitate-or-disrupt-supply-chains>.

<sup>25</sup> Bertelsmann Foundation, *Field Manual to Europe. Discussion with Madeleine Albright and Vin Weber*, Washington, 17 January 2013, <http://www.bfna.org/event/2013-01-17-1730/field-manual-to-europe-discussion-with-madeleine-albright-and-vin-weber>.

limited deal only covering trade could run into serious difficulties if it lets sensitive areas such as agriculture overshadow and block progress on other important areas.

The orientation of the HLWG is that talks should be sector-driven, with separate tracks and the possibility of interim agreements on the thorniest issues to allow for full progress in the less problematic areas, but still in the context of a single, possibly overall expedite, negotiation process. At the same time, it is believed that talks should be broad enough to go beyond traded goods, to include other key areas of economic activity, such as investment and services. The discussion on investment is at a particularly advanced stage, with shared transatlantic “investment principles” having already been agreed to in 2012 within the framework of the TEC.

Whereas removing non-tariff barriers is expected to yield greater economic benefits than lowering formal tariffs, sanitary, environmental and food standards are likely to expose significant transatlantic divisions. Some of the many non-tariff barriers that are hampering transatlantic economic integration are said to be culturally sensitive, or are politically very costly to remove as they reflect the preferences of powerful interest groups. The example of genetically modified food, which is widespread in the US and strictly regulated (but notably no longer a taboo) in the EU, is often offered as an example of the first case.

Healthcare is another sensitive field in which integration could face obstacles both because of culture and the resistance of respective establishments. The US Food and Drug Administration and European Medicines Agency could adjust to cooperate on the principle of reciprocity when, for instance, testing and assessing new drugs. However, this will require not only greater coordination but a change in the way the two institutions operate and exert their authority.

Experts tend to agree that a solution must be found, as in the case with traded goods, in dealing with regulatory issues in a sector-specific way and in some cases letting regulators work the details out at a later stage after an agreement on principles is achieved. In particular the focus should initially be on areas that are either more promising, or in which dialogue is already at an advanced stage (such as in the context of the work done by the High Level Regulatory Cooperation Forum established in 2007). Moreover, a double effort should be made towards agreement in areas where regulation is key to sectorial development (such as nanotechnology).

In order to move forward, the US and Europe could also look at their experiences with third countries. Among others, former World Bank President and US Trade Representative Bob Zoellick reportedly proposed to take the US-South Korea and EU-South Korea trade agreements, both very advanced in terms of scope and content, as a basis for TAFTA discussions as they may offer solutions to questions of transatlantic harmonization.

Regulatory differences could also become an obstacle to the liberalization of services, which have long been considered as “the sleeping giant” of the transatlantic economy, accounting for the largest share of American and European GDP (77 and 73 percent

respectively).<sup>26</sup> Disparate sectors such as the supply of electric power and financial services have built-in regulatory standards that tend to differ across the Atlantic. Regulation of financial markets has continued to develop differently even after the common traumatic experience of the financial crisis of 2008. According to a recent proposal, in order to bridge these divides, a preliminary transatlantic “broad framework agreement” along the lines of the General Agreement on Trade in Services (GATS) could provide the necessary starting point for an International Service Agreement that could later evolve into a plurilateral instrument.<sup>27</sup>

## 8. Political will

None of the technical sectorial issues will be overcome without the necessary support from all relevant actors. The widespread opinion is that when it comes to political backing for a new comprehensive agreement, circumstances have never been as favorable, although this should in no way be taken as a guarantee that negotiations, if started, will linearly lead to a major deal.

European governments are said to want a TAFTA-type deal more than their American counterpart, but the US seems to be coming around despite greater hesitations, some arguing that as a matter of fact stakes and benefits could be higher for the US.<sup>28</sup> There seems to be agreement in Washington that trade is an issue where progress could be made, following up on the momentum created in 2011 with the conclusion of FTAs with Panama, Colombia, and South Korea (which Obama had to renegotiate to address the concerns of the auto industry and labor unions). At the same time, it is feared that political polarization and pressing domestic challenges, may work against making new trade negotiations a priority for the US government.

However, Republicans, who are often engaged in a fierce contest with the administration over various key economic issues from taxes to entitlement reform, have traditionally adhered to a more supportive approach to trade liberalization than Democrats. They would most likely avoid a major confrontation with President Obama on a new transatlantic economic initiative. Much will depend on how new trade initiatives will be framed and how the legislative branch will be engaged.<sup>29</sup> Strong Congressional support will be key for TAFTA as well as other projects to be completed, especially but not exclusively because Congress is charged with making the decision to

<sup>26</sup> Daniel S. Hamilton and Joseph P. Quinlan, “The Sleeping Giant: Services in the Transatlantic Economy”, in Daniel S. Hamilton and Joseph P. Quinlan (eds.), *Deep Integration: How Transatlantic Markets Are Leading Globalization*, Washington and Brussels, Center for Transatlantic Relations and Centre for European Policy Studies, June 2005, p. 39-49, <http://www.ceps.eu/node/1084>.

<sup>27</sup> Transatlantic Task Force on Trade and Investment, *A New Era of Transatlantic Trade Leadership*, February 2012, <http://www.gmfus.org/archives/a-new-era-for-transatlantic-trade-leadership>.

<sup>28</sup> Pawel Swieboda, “The Stakes Are Higher for the US in the Transatlantic Trade Deal”, in *DemosEUROPA Commentaries*, 18 January 2013, [http://www.demoseuropa.eu/index.php?option=com\\_content&view=article&id=1242](http://www.demoseuropa.eu/index.php?option=com_content&view=article&id=1242).

<sup>29</sup> In 2012 the recently sworn-in Secretary of State John Kerry, by then still a senator, issued with Republican Senator Rob Portman a letter signed by 19 senators (the large majority of which Republicans) strongly supporting deeper transatlantic economic integration. See Rob Portman website Press Releases, 22 February 2012, <http://www.portman.senate.gov/public/index.cfm/2012/2/portman-19-senators-support-ambitious-trade-agenda-with-europe>.

grant the US president “trade promotion authority”, a “fast track” by which the administration leads negotiations and later submits to Congress a negotiated trade agreement that can be approved or rejected but not amended. Congress continuously renewed trade promotion authority for the US president between 1975 and 1994, but in the post-NAFTA years it was only extended during the 2002-2007 period.

Moving to the other side of the Atlantic, the German, British, and also the French governments seem to currently hold favorable views of TAFTA, although with different emphasis. Chancellor Angela Merkel, who put EU-US economic integration at the center of Germany’s 2007 EU presidency agenda, is said to see a transatlantic trade deal as one of her legacy projects. German officials seem also very keen on the larger strategic implications of TAFTA, as attested to by Foreign Minister Guido Westerwelle’s insistence that it would help “shape the newly emerging multipolar world in a way that preserves our interests and is firmly anchored in our shared values”.<sup>30</sup> Prospects for a successful conclusion of transatlantic economic agreements could also offer a reason for the UK to reconsider some of its most recent skepticism about membership in the EU, although some British conservatives are taking the opposite view.<sup>31</sup>

It is worth remembering that trade policy is one of the policy areas in which EU integration is most complete, with clear prerogatives for the European Commission. In the Lisbon Treaty context, the European Parliament (EP) is a key actor, having the power of approving trade agreements. The EP has formally provided a cautious endorsement for the opening of talks between the EU and the US.<sup>32</sup> As far as the European Council is concerned, several Council conclusions have already endorsed the TAFTA project. The incumbent Irish EU Presidency has made no secret of its “transatlanticist” economic orientations.

If started, negotiations could be very long and difficult. The final agreement could be watered down by vetoes of powerful groups and special interests. On the other hand, nobody expects major painful economic re-alignments as a result of the agreement, as was the case with the decline of the US automobile industry after the entry into force of NAFTA in 1994.<sup>33</sup> AFL-CIO, the powerful federation of US labor unions, seems to support the deal because European labor standards are generally higher than in the US. Environmental groups in the US will have no good fight either as regulations tend to be stricter in Europe (the same groups have been very active in opposing trade agreements between the US and Latin American countries). The American public, for its part, seem to be relatively more open to liberalization towards Europe than labor-intensive Asian economies. A 2010 Pew Survey found out that that Americans are not

<sup>30</sup> Guido Westerwelle, “The time has come for an Atlantic internal market”, in *Süddeutsche Zeitung*, 19 January 2013, <http://www.auswaertiges-amt.de/EN/Infoservice/Presse/Interview/2013/130119-BM-SZ.html>.

<sup>31</sup> Daniel Hannan, “An EU-US free trade deal is a good idea, though it strengthens the case for British withdrawal”, in *Telegraph Blogs*, 21 January 2013, <http://blogs.telegraph.co.uk/news/danielhannan/100199046>.

<sup>32</sup> “MEPs give a cautious go-ahead to EU-US trade deal”, in *EurActiv*, 24 October 2012, <http://www.euractiv.com/print/global-europe/meps-give-cautious-go-ahead-eu-u-news-515622>.

<sup>33</sup> Disruptions would nonetheless take place in select sectors. The US, for instance, still keeps a 25 percent tariff fee on imported trucks.

particularly open about free trade, but nonetheless would back greater transatlantic trade by 58 to 28 percent.<sup>34</sup>

President Obama's second term started with an emphasis on "nation building at home" and "the end of a decade of war". Transatlantic trade liberalization could find a place in the new US agenda as a cross-cutting domestic-international policy issue, coming at little cost to tax payers and potentially enjoying bipartisan support. Optimism, however, must be tempered by the realization that while an alignment of forces may be in place overall, only strong leadership will be able to create the necessary coalitions and mobilize the resources that will be needed to move the process forward.

## Part II. A wider ocean: connecting North and South Atlantic

As the transatlantic agenda takes shape, a debate is intensifying in parallel on how to reconceptualize the Atlantic in the international context of the 21<sup>st</sup> century. Indeed, a growing number of personalities and leaders are suggesting to combine initiatives that are intended to strengthen the EU-US bond with others aiming at redefining the transatlantic relationship in a global setting, starting with a fresh new look at dynamics across the Atlantic space, north and south.<sup>35</sup> The latter would critically reinforce the notion that projects like TAFTA would not create an exclusive club, but rather provide the basis for larger processes involving other countries that have a stake and an interest in the preservation of the liberal global order.

### 1. The wider Atlantic as a laboratory of globalization<sup>36</sup>

Epochal changes are underway in the wider Atlantic basin. Slowly but inexorably, the Atlantic Ocean is taking on a different physiognomy from the one that history books have been describing for centuries. Since the Portuguese expeditions along Atlantic Africa's coasts in the 15<sup>th</sup> century and the great push towards the Americas from the 16<sup>th</sup> century onwards, oceanic sea lanes ran to and from Europe as in a hub-and-spokes matrix. With the ascendancy of the US in the 19<sup>th</sup> century a re-balancing between Europe and North America occurred, whereby the North Atlantic eventually emerged as a community of technologically advanced countries - the "West" - able to shape international relations on a global scale. In that context, the South Atlantic was often perceived as the geographical appendix of the far richer and more powerful and integrated North, with Europe extending its influence over Africa and the US in Latin America.

---

<sup>34</sup> Pew Research Center Global Attitudes Project, *Obama More Popular Abroad Than At Home, Global Image of U.S. Continues to Benefit*, 17 June 2010, <http://www.pewglobal.org/2010/06/17/obama-more-popular-abroad-than-at-home>.

<sup>35</sup> See, for instance, the debate in *Aspenia online*, including Marta Dassù, "Why the West Should be Enlarged", 7 February 2012, <https://www.aspeninstitute.it/aspenia-online/article/why-west-should-be-enlarged>.

<sup>36</sup> The authors are grateful to the experts from Barcelona-based CIDOB think tank for putting forward the idea of the Atlantic as a laboratory of globalization.

No longer is this the case. Today, both Africa and Latin America are showing greater dynamism than the wealthier regions to their north. New players are entering the stage, some of them resourceful and ambitious enough to be dubbed “rising powers”, while the West is still struggling to cope with an economic crisis that for the first time in decades has hit it harder than it has the rest of the world. Exchanges - commercial and diplomatic alike - are no longer only bound to south-north or north-north routes, but have increasingly taken a south-south trajectory. In a word, the Atlantic is changing.

Globalization has created wealth and an incipient prosperity where there had been none or little, and wealth and prosperity have turned long-time underperformers into new protagonists of the global scene. More wealth means greater power, greater power implies a stronger sense of ownership of one’s own destiny. Europe and the US are no longer the only privileged partners of a number of countries in Latin America and Africa, which have now the chance to engage among themselves as well as with the “new rich” from Asia. As a result, the Atlantic Ocean is emerging as a sort of laboratory where the most distinctive features of globalization are observable: the economic dynamism of formerly depressed areas, the rise of new powers, the competition for natural resources and other assets, the growing difficulty in ensuring effective and legitimate governance of international and transnational challenges.

## 2. Wider Atlantic dynamics and challenges

In light of the above, it is time to start thinking about whether the wider Atlantic can be conceptualized not only in geographical terms but as a space characterized by specific trends and challenges, in turn warranting greater international interaction along its basin.

The Atlantic Ocean is increasingly interconnected due to an interplay of dynamics unfolding on multiple levels. First comes the *growing volume of trade* generated by the South Atlantic both within itself and with the North Atlantic (as well as with other regions of the world). The overall volume of trade between the four “corners” of the ocean - North and Latin America, Africa, and Europe - more than doubled between 2000 and 2011.<sup>37</sup>

The magnitude of pan-Atlantic growth rates can be better appreciated by emphasizing that the trajectories along which trade increased less in percentage - Europe-North America and North America-Latin America - still recorded a growth rate of around 75 percent between 2000 and 2008. Since in both cases trade relations were already mature, in absolute terms the expansion of trade was significant. It is the data on the other trajectories, however, that best account for the growing importance of inter-Atlantic commercial flows. Europe’s trade with Latin America and Africa increased by 162 and 208 percent respectively, while North America’s trade with Africa went up by 276 percent.

---

<sup>37</sup> All data reported here are taken from Lorena Ruano, *Trade in the Atlantic Basin*, presentation at the Atlantic Basin Initiative workshop on Redefining the Atlantic: The Rising Importance of the Atlantic Hemisphere, Washington, 12 September 2012, <http://transatlantic.sais-jhu.edu/events/2012/Atlantic%20Basin%20Initiative/Atlantic%20Basin%20Initiative%20-%20Presentations>.

Even more striking is the 409 percent increase in Latin America-Africa trade between 2000 and 2008. This stellar growth rate clearly reflects the profoundly unexploited potential of south-south commercial relations prior to 2000 - in absolute terms, the value of Africa-Latin America trade is still just a tiny fraction of the overall value of pan-Atlantic trade. And yet, the trend definitely provides evidence not only that the wider Atlantic is, in absolute terms, more integrated economically today than it was at the beginning of the new millennium, but also that integration is advancing from all its parts.

In addition, while North America and Europe are still much more important commercial partners for Africa and Latin America than these latter two are for each other, both halves of the South Atlantic have expanded their trade horizon beyond the Atlantic. In 2011 Latin America had managed to decrease its reliance on trade with wider Atlantic partners by around 15 percent, although it still remained heavily dependent on it (slightly less than 80 percent of Latin American exports were still bound for the other three corners of the ocean). Africa was more successful in diversifying its commercial partners, as by 2011 the proportion of African goods bound for other Atlantic regions was less than 60 percent of Africa's total exports. Underlying these trends is obviously the economic boom of Asia, and that of China in particular.<sup>38</sup>

Thus, the overall picture of the Atlantic is one of an expansion in "internal" trade while also becoming more open to the outer world. From this point of view, there seems to be little specific or unique about the "pan-Atlantic". Nonetheless, if one considers the increase in trade volumes within the Atlantic basin in relation to other dynamics that are more distinctive, trade becomes a significant factor underpinning the idea of a wider Atlantic mega-region.

One such factor revolves around the availability and exploitation of *natural resources*, most notably *energy*, which the four regions along the Atlantic basin are both rich of and hungry for. If considered as a whole, the Atlantic basin features two aspects that make it particularly well positioned in energy terms: sufficient supply potentially granting autonomy and a relatively high degree of complementarity.<sup>39</sup>

Today, the Atlantic basin accounts for one third of global oil production and 40 percent of proven oil reserves. It also produces around one third of global natural gas and liquefied natural gas (LNG); at 12 percent, its share of global conventional gas reserves is much lower, but the picture looks rather rosier if one adds to it shale gas reserves, 60 percent of which are distributed among the Americas, Europe and Africa. On top of that, regions in the Atlantic basin are responsible for almost four fifths of the energy generated by non-fossil fuels such as renewables and biofuels. Finally, the level of dependency of the basin on extra-Atlantic energy sources is low, 15 percent in oil and

<sup>38</sup> See Emiliano Alessandri *et al.*, "China and India: New Actors in the Southern Atlantic", in *Wider Atlantic Series*, December 2012, <http://www.gmfus.org/archives/china-and-india-new-actors-in-the-southern-atlantic>.

<sup>39</sup> For an overview of energy trends in the South Atlantic, see Paul Isbell, "Energy and the Atlantic: the Shifting Energy Landscape of the Atlantic Basin", in *Wider Atlantic Series*, December 2012, <http://www.gmfus.org/archives/energy-and-the-atlantic-the-shifting-energy-landscape-of-the-atlantic-basin>. Graphs and tables elaborated by the same author are also available on the website of the Atlantic Basin Initiative.

just 6 percent in gas. In short, the wider Atlantic basin is well equipped to face - and to benefit from - the prospective rise in global energy demands.<sup>40</sup>

It is complementariness, however, rather than virtual autonomy, that can give the oceanic basin the appearance of a distinctive energy mega-region. Traditionally, such complementariness has taken the form of North Atlantic investments contributing to financing production in the South Atlantic. But other forms of synergies are emerging, with Latin America and Africa exhibiting an incipient south-south trade in energy products. In addition, as the need for North America to import energy from abroad diminishes thanks to the unconventional gas/oil revolution (shale gas, heavy oil, etc.), it might be more inclined to look to Latin American and African partners to meet its residual import demands instead of countries from troubled regions such as the Persian Gulf. Similarly, given the EU's desire to find alternative energy supplying countries to Russia combined with the growing imperative to address climate change, the Union could partner with African countries such as Morocco and jointly develop renewables infrastructures.

With this latter point in mind, we touch upon a key issue related to the strengthening of pan-Atlantic energy relations, i.e. *environmental challenges*. The more the four regions along the basin cooperate in the energy field, the greater the potential for establishing governance mechanisms aimed at curbing climate change, contrasting environmental degradation, or managing resource depletion. This might occur on different levels, such as convergence of environmental protection standards, joint (and thereby bigger) projects to develop renewable technologies and infrastructure, and, more generally, the mainstreaming of environmental concerns into emerging pan-Atlantic politics.

*Migrants flows* are another important factor underlying the notion of a pan-Atlantic area. Since the Atlantic Ocean has been crossed in every possible direction by massive movements of people for centuries, the macro-regions along its basin have experienced a higher level of inter-societal cross-pollination than they have with other parts of the world.<sup>41</sup> Today, the stocks of immigrants in either Europe or North America coming from other Atlantic regions - the Caribbean included - are in their millions, while Latin America is again emerging as a favored destination of European emigrants. Inter-Atlantic migration is thus both very large in scale and increasingly sophisticated in composition.<sup>42</sup> Old paradigms equating the presence of foreigners alternatively to pseudo-colonial enterprises or to challenges to the social fabric and cultural tradition of host societies appear increasingly off the mark. Remittances - although very important - are no longer the only contribution that emigrant communities give to the economy of their country of origin. Particularly now that the economic prospects of poorer areas are improving, immigrants can put their working experience to use and stimulate investments between their countries of residence and origin. But investment prospects

---

<sup>40</sup> *Ibid.*

<sup>41</sup> To make just an example, just four tongues are commonly spoken in several if not all corners of the Atlantic: English (North America, Europe, the Caribbean, and Africa's coast south of the Gulf of Guinea), French (North America, Europe, the Caribbean, and West Africa), Portuguese (Europe, South America, Southwest Africa), and Spanish (Europe, the Caribbean and Latin America).

<sup>42</sup> On pan-Atlantic inter-societal contacts, see Anne-Marie Slaughter, "America's Edge. Power in the Networked Century", in *Foreign Affairs*, Vol. 88, No. 1 (January-February 2009), p. 94-113.



are just one aspect of a much more complex process that also involves progressive internalization by immigrants of social norms and habits of host societies and, also thanks to the mediating activity of immigrants, greater access to foreign societies.

The wider Atlantic is too large a space to be considered homogeneous in any way, but still the huge economic, social, political and cultural implications of so large and dynamic flows of goods and people pose similar challenges to the basin's four regions, whereby greater interaction and coordination is warranted. So the question arises about whether the wider Atlantic also presents a geopolitical landscape in which cooperation can prevail over competition and rivalry.

### 3. Wider Atlantic geopolitics<sup>43</sup>

In geostrategic terms, the wider Atlantic enjoys the rare condition of being free of major international confrontations. Of its existing and prospective great powers, essentially the US, Europe and Brazil, the former two are allied, while whatever disagreement the latter may have with either of them pales if compared to the looming US-China competition in the Pacific or Russia's lingering ostracism to the West in Eurasia. And nothing, not even the dispute between Argentina and the UK over the Falklands/Malvinas, resembles the intensity and potential implications of the unsolved Kashmir conflict between Pakistan and India in South Asia. Partially reflecting this, there are no large-scale arms races in the Atlantic, whose entire southern half is moreover free of nuclear weapons.<sup>44</sup>

Against this backdrop, the stage is apparently set for transoceanic cooperation on tackling threats that in one way or another affect most parts of the basin, if not all of them. Drug trafficking is certainly a truly pan-Atlantic challenge. Cocaine is produced in Latin America, but on its route to Europe and North America manages to destabilize transit countries in West Africa, island states at the crossroads of South and North Atlantic routes like Cape Verde, the Caribbean and (above all) Mexico. Other challenges are more localized but still able to impact on the security of large sections of the Atlantic basin. The spread of Islamic terrorism in the western Sahel, for instance, now occupies the top slots in the security agendas of EU member states and has also climbed up the list of US security priorities.<sup>45</sup> In addition, if the current crisis in Mali eventually spills over into neighboring countries - as many fear - the risk is that states such as Nigeria, whose population is evenly split between Muslims and non-Muslims and which is already experiencing sustained levels of sectarian violence, could descend into instability. Given Nigeria's key role in ensuring long-term stability to global

<sup>43</sup> On Atlantic geopolitics, see above all Ian O. Lesser, "Southern Atlanticism. Geopolitics and strategy for the other half of the Atlantic Rim", in *Brussels Forum Papers*, March 2010, <http://www.gmfus.org/archives/southern-atlanticism>.

<sup>44</sup> Latin America, Africa and Antarctica are all multilaterally recognized nuclear-weapon-free zones (NWFZs), as stated in the treaties of Tlatelolco (in force since 1969, but really effective since Brazil's and Argentina's accession in the 1990s), Pelindaba (2009), and of the Antarctic (1961), respectively.

<sup>45</sup> A mapping of transnational security threats trends is provided by Nancy E. Brune, *Issues of Security and Human Resiliency*, presentation at the Atlantic Basin Initiative workshop on Redefining the Atlantic: The Rising Importance of the Atlantic Hemisphere, Washington, 12 September 2012, <http://transatlantic.sais-jhu.edu/events/2012/Atlantic%20Basin%20Initiative/Atlantic%20Basin%20Initiative%20-%20Presentations>.

oil markets, the effects of instability there would be felt in Latin America as well. Maritime security is another issue that is taking on a distinct pan-Atlantic dimension.<sup>46</sup> The Gulf of Guinea might not be as endangered by piracy as the waters off the Horn of Africa, yet its predicament is serious enough to make intensified antipiracy cooperation an imperative for coastal states and a sound long-term investment for more faraway countries.<sup>47</sup>

Nonetheless, identifying the need for greater cooperation on a pan-Atlantic level is as easy as it is difficult to implement. To begin with, there is no pan-Atlantic institution, comparable to the Asia-Pacific Economic Council (APEC) present in the Pacific context. In fact, the notion of an “Atlantic rim” is just beginning to gain traction in academic and foreign policy circles, most notably in the US. Europe is following suit<sup>48</sup>, but is still at an early phase centered more on conceptualization rather than the articulation of concrete policies.

This is not to say that the Atlantic area is not institutionalized. Quite to the contrary: the region is highly institutionalized, just not at the pan-oceanic level. A number of bilateral, region-to-region, or even triangular relations exist. Two of the most comprehensive trade agreements involving the US are with its North and Central American partners. The EU has long established contacts with MERCOSUR, and holds regular summits with Latin American nations. Relations between the EU and the African Union (AU) have also intensified in the last years, and limited cooperation has taken place between the AU and NATO, notably in Sudan and Somalia. The growing threat of Islam-rooted terrorism in the Sahel is at the origin of a transatlantic effort at coordinating policies in the area, including by tightening links with a revived Economic Community of West African States (ECOWAS).

What these numerous initiatives attest to, however, is more the growing tendency of international players to expand their portfolio of relations than a general process laying the foundation for a pan-Atlantic institutional arrangement. In fact, no single major player has so far articulated a vision for the wider Atlantic, the result being that the oceanic basin is closer to a crowded crossing point rather than a common space subject to multilateral regulation. This is clearly reflected in the strategic outlook of wider Atlantic players, larger and lesser powers alike, but also in that of those non-Atlantic players like China or India that are also increasingly active across the Atlantic basin.

---

<sup>46</sup> See John Richardson *et al.*, “The Fractured Ocean. Current Challenges to Maritime Policy in the Wider Atlantic”, in *Wider Atlantic Series*, December 2012, <http://www.gmfus.org/archives/the-fractured-ocean-current-challenges-to-maritime-policy-in-the-wider-atlantic>.

<sup>47</sup> On the growing threat of piracy in the Gulf of Guinea, see Freedom C. Onuoha, *Piracy and Maritime Security in the Gulf of Guinea: Nigeria as a Microcosm*, Doha, Al Jazeera Centre for Studies and Arab Scientific Publishers, June 2012, <http://studies.aljazeera.net/en/reports/2012/06/2012612123210113333.htm>.

<sup>48</sup> Significantly, in 2011 the European Commission issued a call within its 7th Framework Programme research-funding scheme on pan-Atlantic issues. The grant was eventually awarded to a consortium led by the Barcelona-based CIDOB and comprising universities and think tanks in all four Atlantic basin regions, including the institutions, IAI and GMF, with which the authors of this paper are affiliated. The project, called *Atlantic Future*, is set to start officially in February 2013 and last for three years.

In spite of their nascent curiosity to explore the idea of a wider Atlantic area, neither the US nor the EU have yet come out with concrete ideas as to how this notion could be given substance. Rather than the Atlantic as a whole, it is still its parts that the US and EU member states regard as macro-regions worthy of unitary strategic thinking. Evidence of this are Europe's various attempts at establishing strategic partnerships on a bloc-to-bloc basis (NATO, EU-AU, EU-MERCOSUR etc.) and the US' lingering tendency to treat these macro-regions as discreet entities - it is telling, for instance, that the US armed forces count just one command for the whole Pacific region, PACOM, but *four* for the Atlantic: NORTHCOM for North America, SOUTHCOM for the Caribbean as well as Central and South America, EUCOM for Eurasia, and the recently established AFRICOM for Africa.

Moving more southward, we find a similarly multi-vector foreign policy orientation in Latin American and African states. For the sake of brevity, and with all the *caveats* that should accompany any attempt at generalizations, we can assign them to four broad categories: rising powers, regional players, mid-size countries, and weak and fragile states.

Countries belonging to the first category - *rising powers* - are gradually establishing themselves as indispensable players in their region while at the same time advancing claims to an active role on a broader, even global, scale. Among these, Brazil is the most prominent example and, though to a lesser extent, South Africa. As a rule, underlying their more ambitious foreign policy agenda is a vibrant or at any rate growing economy that allows them to catalyze ever larger sections of trade and investment flows in their neighborhood. Also important however are factors of an ideational nature. For Western powers, the looming multipolarity is a warning that their post-Cold War undisputed clout is in decline, but for others it is evidence of the eventual redemption of the Global South and testimony to the liberation potential of the economic forces unleashed by globalization. In these terms, part of the newly acquired influence of the most powerful nations from the Global South rests with their ability to style themselves as representatives of concerns and aspirations of countries that the West is perceived to have ignored.

This confluence of material as well as ideational factors drives these countries to coalesce not only to resist attempts by the West to shape the international agenda along its own terms, but also to present an alternative to Western solutions based on their autonomously produced worldviews. Thus, Brazil and South Africa are not only members, alongside China, Russia, and India, of the BRICS group, but have also given birth to the likes of IBSA (together with India), which is a rare all-democracy forum for political dialogue in which Western democracies have no part.

From the point of view of the rising powers, the (South) Atlantic is therefore perceived more as an adjacent space over which their influence is inevitably destined to grow rather than a locus for pan-oceanic cooperation. This is particularly true for Brazil, the only new power with credible future prospects for projecting military might into the South Atlantic. On the other hand, however, the political ambitions of rising powers are strongly dependent on their economic fortunes, which in turn are very much linked to the economy of the North. While trade liberalization still evokes unpleasant memories of the colonial past, there is now a growing awareness of the advantages that come

with greater access to foreign markets, as attested to by the interest of Brazilian energy, telecommunications and banking corporations in stronger inter-Atlantic ties. Thus, while no clear wider Atlantic dimension characterizes the foreign policy of the rising powers, there at least seems to be no structural geostrategic impediment to their engaging other “Atlantic rim” players on a pan-oceanic level.

*Regional players* are countries that for various reasons - geographic location, demographic size, natural resources, political tradition, etc. - decisively contribute to shaping their surrounding region but still lack the capacity (or the will) to “punch” in a higher league. Argentina, Mexico, Nigeria and perhaps Venezuela can be included in this category. These countries have different foreign policy orientations - Venezuela, for instance, has strong anti-US instincts, while Mexico’s ties with the US are so deep as to make it possible for some to speak of a symbiotic relationship. Still, in different ways, they could all benefit from some form of deeper pan-Atlantic interaction. Nigeria and Venezuela have an interest in more solid energy relations, being key global oil players themselves; the fight against illicit trafficking is a priority for a country such as Mexico which has been bloodied by savage drug wars for years; security in the Sahel is crucial for Nigeria’s stability, as is maritime security in the Gulf of Guinea; and Argentina may find in the Atlantic a pathway to its eventual full return to the international scene it abandoned in the wake of its insolvency crisis in the early 2000s.

There is furthermore a vast and very diverse lot of countries for which the Atlantic is both a space of opportunities and the origin of challenges. Because they can benefit from the former and tackle the latter in cooperation with other states rather than on their own, we have grouped them under the very broad category of *mid-size countries*. It is in this lot that we find the one player, Morocco, that seems to have started elaborating a vision for more extensive wider Atlantic cooperation.<sup>49</sup> As Morocco consciously develops an incipient pan-Atlantic identity, other countries might find in its vision something to share. Security on land and at sea is evidently crucial for West African coastal states, as deeper energy ties could give new momentum to Angola’s energy-driven economic boom. Stronger ties with other Atlantic regions could boost not only trade and investment, but also the tourism industry, a potential boon for some states like Namibia, Colombia, and others. The foreign policy horizon of these mid-size countries generally does not extend much beyond their surrounding region, while their international orientation is often determined by whether they lean more towards the West or not (Cuba is the most famous representative of this latter camp). However, with the memory of Cold War allegiances fading, new powers entering the stage and transnational challenges multiplying, the strategic outlook of mid-size countries is in a state of flux, to which the idea of an “Atlantic rim” might give a broad direction - as the case of Morocco shows.

*Weak or fragile states* - notably in the Caribbean and West Africa (examples range from Haiti to the strip of countries from Guinea-Bissau to Ivory Coast) - are generally preoccupied with their internal problems and can hardly be active promoters of pan-Atlantic links. Yet, insofar as their inability to provide security or primary welfare

<sup>49</sup> Morocco sponsors and hosts a series of international conferences promoting the idea of a wider Atlantic basin. See for instance the *Skhirat Declaration* released by the participants in the 2012 event, available at [http://itca.hcp.ma/Skhirat-Declaration\\_a305.html](http://itca.hcp.ma/Skhirat-Declaration_a305.html).

benefits to their population is also a reflection of their troubled regional predicament, they often present challenges of international security governance and/or development assistance which greater interaction among major and relevant Atlantic players might help tackle. In these terms, they can be seen as passive drivers of inter-Atlantic cooperation.

Finally, there is another group of states that cannot be left out of the picture: it is the *non-Atlantic players* that nonetheless bear much responsibility for the transformation of the South Atlantic itself. While many countries around the world have intensified their political and economic connections with Latin America and Africa, none of them plays a role comparable to China.<sup>50</sup> Its apparently inexhaustible hunger for secure energy flows has led the People's Republic to tap every potential source of energy in areas where Western companies do not enjoy a prominent position. Africa and Latin America have been natural choices in this regard. Driven by commodities, China-Africa trade doubled every three years in the 2000-2008 period, thanks in particular to energy imports from Sudan, Angola, Nigeria. Beijing has also managed to tighten links with oil-producing Ecuador and Venezuela.

Trade is anything but unidirectional. China has been expanding trade on several levels and with as many countries as possible, to the extent that it is now the main commercial partner of Brazil and South Africa, i.e. the largest economies in the southern corners of the Atlantic. While importing massive quantities of natural resources, from soy to ore, China has been flooding Latin America with cheap goods, to the extent that some small Latin American states face the real prospect of de-industrialization due to China's fierce competition. There are also echoes of the same complaints heard in the African context about inflows of Chinese workers, Chinese acquisitions (Brazil has passed a law preventing foreign-controlled companies to buy significant portions of farmland, a measure deemed to be approved with China in mind)<sup>51</sup>, as well as Chinese environmental standards.

Beijing has tried to soften the side-effects of its massive commercial penetration into both halves of the South Atlantic by offering diplomatic support to regimes in power, de-linking assistance and economic cooperation from any conditionality, and pledging massive direct investments. In addition, it has shown a special attention to address on an equal basis the South Atlantic's rising powers, Brazil and South Africa, by championing the latter's inclusion in the BRIC group and by involving both of them in restricted forums such as BASIC, a non-Western platform (also consisting of India) for discussing climate change negotiations.

India's role in the South Atlantic is much more limited, particularly because New Delhi has yet to establish a strong presence in Latin America (its relations being limited mostly to Brazil in the context of the various aforementioned groupings: BRICS, IBSA,

---

<sup>50</sup> See also Andrew Small and Amy Studdart, "China in the Southern Atlantic: The case of Brazil", in Emiliano Alessandri *et al.*, "China and India: New Actors in the Southern Atlantic", in *Wider Atlantic Series*, December 2012, p. 9-23, <http://www.gmfus.org/archives/china-and-india-new-actors-in-the-southern-atlantic>.

<sup>51</sup> *Ibidem*, p. 18.

BASIC).<sup>52</sup> It is more active in Africa, partly due to the existence of a large Indian diaspora there (notably in South Africa). Unlike China, India's economic activities in the South Atlantic are mostly private sector-driven (with the exception of energy), which contributes to soothing concerns about the influence India might gain thanks to its economic presence in Africa. Overall, however, what makes the focus on India lesser than that attested to China is the fact that China's economic investments in the South Atlantic are significantly larger.

In general, Latin American and African states feel that China, India and other Asian economies have provided them with a much needed third engine of growth beyond the US and Europe, which has proven to be of paramount importance at a time when their exports have suffered because of a diminished North Atlantic demand. In political-strategic terms, there is little doubt that coordination with China and India, most notably on issues such as the use of force but also global challenges like climate change policies, is an appealing option for the South Atlantic's rising powers. For regional players, and even more so for mid-size countries, China has sometimes emerged as a crucial foreign partner. However, as much as Latin America and Africa are eager to free themselves of what they perceive as the excessive influence of Western countries, they are equally determined to avoid trading one patron for another. They do not want to choose between the West and alternative alliances led by China. This strong resistance to being co-opted into international blocs, which characterizes in particular the strongest players in both Latin America and Africa, contributes to complicating Atlantic geopolitics, but perhaps also to making it less susceptible to becoming a theater for major confrontations in the future.

## Conclusions

As globalization advances and new centers of power emerge, large and small states alike are confronted with the challenge of adaptation. Experts and practitioners struggle to predict the shape that future strategic alignments could take. Policymakers are often left with the task of making key choices for their countries on the basis of sometimes speculative future scenarios, uncertain strategic thinking, and "reflexive" patterns of behavior originating from their country's own strategic and historical tradition.

In this context, the one option with which policymakers feel relatively comfortable is that of creating the conditions for their countries to exercise multiple foreign policy options. In other words, expanding the portfolio of relations, both on a bilateral basis and through the regional arrangements to which individual states are party, offers the advantage of creating more opportunities for cooperation while avoiding drawing clear lines of demarcation among a country's international partnerships. This by no means implies that all potential partners are equal, but simply that states, obviously with some exceptions, tend to frame their external relations as successive layers, or "rings", of partnerships, rather than clear-cut alliances. It is from this conceptual perspective that it

---

<sup>52</sup> Dhruva Jaishankar, "India in the Southern Atlantic: An Overview", in Emiliano Alessandri *et al.*, "China and India: New Actors in the Southern Atlantic", in *Wider Atlantic Series*, December 2012, p. 25-34, <http://www.gmfus.org/archives/china-and-india-new-actors-in-the-southern-atlantic>.

is possible to speak at one and the same time of US-EU plans for further economic integration and the new opportunities opened up by the rise of the South Atlantic.

As we have tried to highlight in the first section of this paper, the TAFTA project has a double rationale: apart from the aim of boosting prosperity on both shores of the North Atlantic, it is also an attempt at breathing new life into a transatlantic relationship which is still very strong but seems to be lacking direction. In these terms, TAFTA is a way to strengthen the foundation of a decades-old bond that constitutes the “first ring” in both the US’ and the EU’s system of external relations. But, as was said above, neither the US nor the EU wish to transform this “ring” into a fence, but rather a bridge facilitating communications and exchange with other partners.

It is here that the idea of a wider Atlantic enters the picture. In itself, as was shown in the paper’s second section, the “wider Atlantic” is little more than a tentative concept, or at best a political reality in its very first days of life. An accurate way to describe today’s Atlantic basin is that it constitutes a broad space where old patterns of cooperation are being rejuvenated and new ones are being created. Thus, much as the EU and the US look at each other for strengthened ties, they also focus on existing and potential partners in Africa and Latin America more than they used to in the past. Similarly, countries such as Brazil or South Africa are building and refining their own systems of external relations. This process is not only state-driven: regional organizations - the EU, NATO, the AU, etc. - are increasingly seen by countries not only as the *result* of their external activity but as *actors themselves*, able to develop their own relations with both individual countries and other organizations.

In this context of overlapping systems, the question about the wider Atlantic is whether it can really work as an encompassing framework in which the various Atlantic actors - both states and organizations - can coordinate policies. There are two orders of reasons for which this path appears quite problematic. The first one is practical: the prospective “Atlantic rim” involves a very large number of very diverse countries, which makes it extremely difficult to take decisions and even more difficult to implement those decisions. The other reason is strategic: does it really make sense to invest energies in building a mega-region involving the Americas, Europe and Africa at a time when Asia is rising so fast? As a matter of fact, countries along the Atlantic rim do not seem to have embraced the idea yet. Relations with Asia (but also the Gulf and Eurasia, particularly for Europe) are too important to be subordinated to an indefinite wider Atlantic dimension.

This, however, does not necessarily mean that the notion itself of an Atlantic rim is purely artificial and therefore useless. In fact, while there is no strategic imperative to think “pan-Atlantic”, there is very much a *functional advantage* in doing so. As argued by Ian Lesser, functional interaction is a fully acceptable - and indeed a desirable - driver for wider Atlantic cooperation.<sup>53</sup> Trade and investment imbalances, energy and environmental issues, counterterrorism, antipiracy, maritime security, all these are challenges of transnational, even “transregional”<sup>54</sup>, concern. Countries along the Atlantic rim can only benefit from greater coordination on these matters. The

<sup>53</sup> Ian O. Lesser, “Southern Atlanticism”, cit., p. 12-15.

<sup>54</sup> *Ibidem*, p. 12.

proceedings of the wider Atlantic conferences organized in the last few years in Morocco - the one country which is increasingly willing to think "pan-Atlantic" - are a testimony to this.

But a higher degree of interaction, not limited to specific sectors and carried out at the level of state leaders, is also opportune. Since their respective systems of relations overlap so densely, Atlantic players would be better off if they factored in the potential implications of their policy choices for other Atlantic players. This is why, for instance, it is so crucial for the US and the EU that their TAFTA plans do not become - and are not perceived - as an impediment to their economic ties with the South Atlantic. For the same reason, Brazil's or South Africa's projects for greater South-South political cooperation are destined to be much less effective if presented in anti-Western terms. Political dialogue at such a broad level as the pan-Atlantic one might well end up being often just talk, but it could also be critical in avoiding misunderstandings and unnecessary clashes. Times are perhaps not yet ripe for the establishment of a pan-Atlantic summit or forum. But adding a wider Atlantic dimension to national or regional strategic thinking would contribute to clarifying the implications of strategic choices. This way, the "crowded crossing point" which is the Atlantic basin is more likely to see orderly traffic rather than recurring accidents.

*Updated 7 February 2013*



---

## References

Emiliano Alessandri et al., "China and India: New Actors in the Southern Atlantic", in *Wider Atlantic Series*, December 2012, <http://www.gmfus.org/archives/china-and-india-new-actors-in-the-southern-atlantic>.

Fred Bergsten, "Open Regionalism", in *PIIE Working Papers*, No. 97-3 (1997), <http://www.iie.com/publications/wp/wp.cfm?researchid=152>.

Daniel S. Hamilton and Joseph P. Quinlan, "The Sleeping Giant: Services in the Transatlantic Economy", in Daniel S. Hamilton and Joseph P. Quinlan (eds.), *Deep Integration: How Transatlantic Markets Are Leading Globalization*, Washington and Brussels, Center for Transatlantic Relations and Centre for European Policy Studies, June 2005, p. 39-49, <http://www.ceps.eu/node/1084>.

Daniel Hamilton and Joseph P. Quinlan (eds), *The Transatlantic Economy 2012*, Washington, Center for Transatlantic Relations, 2012, <http://transatlantic.sais-jhu.edu/transatlantic-topics/transatlantic-economy-series.htm>.

International Monetary Fund (IMF), *World Economic Outlook 2011. Tensions from the Two-Speed Recovery: Unemployment, Commodities, and Capital Flows*, Washington, IMF, April 2011, <http://www.imf.org/external/pubs/ft/weo/2011/01>.

International Monetary Fund (IMF), *World Economic Outlook October 2012. Coping with High Debt and Sluggish Growth*, Washington, IMF, 2012, <http://www.imf.org/external/pubs/ft/weo/2012/02>.

Paul Isbell, "Energy and the Atlantic: the Shifting Energy Landscape of the Atlantic Basin", in *Wider Atlantic Series*, December 2012, <http://www.gmfus.org/archives/energy-and-the-atlantic-the-shifting-energy-landscape-of-the-atlantic-basin>.

Emilia Istrate and Nicholas Marchio, *Export Nation 2012: How U.S. Metropolitan Areas Are Driving National Growth*, Washington, Brookings Institution, 8 March 2012, <http://www.brookings.edu/research/reports/2012/03/08-exports>.

Dhruva Jaishankar, "India in the Southern Atlantic: An Overview", in Emiliano Alessandri et al., "China and India: New Actors in the Southern Atlantic", in *Wider Atlantic Series*, December 2012, p. 25-34, <http://www.gmfus.org/archives/china-and-india-new-actors-in-the-southern-atlantic>.

Ian O. Lesser, "Southern Atlanticism. Geopolitics and strategy for the other half of the Atlantic Rim", in *Brussels Forum Papers*, March 2010, <http://www.gmfus.org/archives/southern-atlanticism>.

Freedom C. Onuoha, *Piracy and Maritime Security in the Gulf of Guinea: Nigeria as a Microcosm*, Doha, Al Jazeera Centre for Studies and Arab Scientific Publishers, June 2012, <http://studies.aljazeera.net/en/reports/2012/06/2012612123210113333.htm>.

Pew Research Center Global Attitudes Project, *Obama More Popular Abroad Than At Home, Global Image of U.S. Continues to Benefit*, 17 June 2010, <http://www.pewglobal.org/2010/06/17/obama-more-popular-abroad-than-at-home>.

Joe Quinlan, "Losing Control: The Transatlantic Partnership, the Developing Nations, and the Next Phase of Globalization", in *Transatlantic Academy Paper Series*, March 2011, <http://www.gmfus.org/archives/losing-control-the-transatlantic-partnership-the-developing-nations-and-the-next-phase-of-globalization>.

John Richardson et al., "The Fractured Ocean. Current Challenges to Maritime Policy in the Wider Atlantic", in *Wider Atlantic Series*, December 2012, <http://www.gmfus.org/archives/the-fractured-ocean-current-challenges-to-maritime-policy-in-the-wider-atlantic>.

Anne-Marie Slaughter, "America's Edge. Power in the Networked Century", in *Foreign Affairs*, Vol. 88, No. 1 (January-February 2009), p. 94-113.

Andrew Small and Amy Studdart, "China in the Southern Atlantic: The case of Brazil", in Emiliano Alessandri et al., "China and India: New Actors in the Southern Atlantic", in *Wider Atlantic Series*, December 2012, p. 9-23, <http://www.gmfus.org/archives/china-and-india-new-actors-in-the-southern-atlantic>.

Mireya Solís and Justin Vaïsse, "'Free Trade Game Changer", in Martin Indyk, Tanvi Madan, and Thomas Wright (eds.), *Big Bets, Black Swans. A Presidential Briefing Book*, Washington, Brookings Institution, January 2013, <http://www.brookings.edu/research/papers/2013/01/free-trade-game-changer>.

Pawel Swieboda and Bruce Stokes (eds.), *The Case for Renewing Transatlantic Capitalism*, 12 March 2012, <http://www.atlanticcapitalism.eu/post.php?id=46>.

Transatlantic Task Force on Trade and Investment, *A New Era of Transatlantic Trade Leadership*, February 2012, <http://www.gmfus.org/archives/a-new-era-for-transatlantic-trade-leadership>.

Wen Jin Yuan, "The Trans-Pacific Partnership and China's Corresponding Strategies", in *Freeman Chair in China Studies*, June 2012, <http://csis.org/publication/trans-pacific-partnership-and-chinas-corresponding-strategies>.



#### Latest Documenti IAI

- 12 | 07** V. Termini, Sull'energia l'Europa si muove
- 12 | 06** N. Frandi, L'Unione europea e la creazione di una zona libera da armi di distruzione di massa in Medio Oriente
- 12 | 05** S. Forte e A. Marrone (a cura di), L'Italia e le missioni internazionali
- 12 | 04** F. Di Camillo e V. Miranda (a cura di), L'Unione europea e la politica di sicurezza e di difesa comune: elementi
- 12 | 03** A. Colombo e E. Greco, L'Italia e la trasformazione dello scenario internazionale
- 12 | 02e** B. Nascimbene, The "Push-back Policy" Struck Down Without Appeal? The European Court of Human Rights in *Hirsi Jamaa and Others v. Italy*
- 12 | 02** B. Nascimbene, Condanna senza appello della "politica dei respingimenti"? La sentenza della Corte europea dei diritti dell'uomo *Hirsi e altri c. Italia*
- 12 | 01** A. Marrone, Forza NEC e la trasformazione delle Forze Armate italiane
- 11 | 15e** M.C. Paciello, The Arab Spring: Socio-economic Challenges and Opportunities. Report Summary
- 11 | 15** M.C. Paciello, La primavera araba: sfide e opportunità economiche e sociali. Sintesi del rapporto
- 11 | 14** M. Haubrich-Seco, Re-thinking Western Policies in Light of the Arab Uprising. Report of the Transatlantic Security Symposium 2011
- 11 | 13** E. Alessandri and R. Matarazzo, Hanging Between Hope and Fear: Italians at the Heart of International Crisis

#### The Institute

The Istituto Affari Internazionali (IAI), founded by Altiero Spinelli in 1965, does research in the fields of foreign policy, political economy and international security. A non-profit organisation, the IAI aims to further and disseminate knowledge through research studies, conferences and publications. To that end, it cooperates with other research institutes, universities and foundations in Italy and abroad and is a member of various international networks. More specifically, the main research sectors are: European institutions and policies; Italian foreign policy; trends in the global economy and internationalisation processes in Italy; the Mediterranean and the Middle East; defence economy and policy; and transatlantic relations. The IAI publishes an English-language quarterly (The International Spectator), an online webzine (AffariInternazionali), two series of research papers (Quaderni IAI and IAI Research Papers) and an Italian foreign policy yearbook (La politica estera dell'Italia).

#### Istituto Affari Internazionali

Via Angelo Brunetti, 9 00186 Roma  
Tel.: +39/06/3224360 Fax: + 39/06/3224363  
E-mail: [iai@iai.it](mailto:iai@iai.it) - website: <http://www.iai.it>  
Send orders to: [iai\\_library@iai.it](mailto:iai_library@iai.it)