

## Syllabus “Bilateral FTA Negotiations in the EU”

### Course Details:

Full Title: Bilateral FTA Negotiations in the EU – theory and practice.

Course Number: tba

Dates: November 09 / November 23 / December 07 / January 25

Time: 8:45 a.m. (s.t.) – 2:15 p.m. (lunch break from 12 p.m. – 12:45 p.m.)

Room: SCH/A184

### Lecturer:

Markus Gastinger

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Short Biography: Markus Gastinger studied International Economic & Business Studies (IEBS) and Business Administration (MBA) at the University of Innsbruck (Austria), Tulane University (New Orleans, USA) and the University of Miguel Hernández (Elche, Spain). He then made an interdisciplinary Master in European Union Studies (EUS) at the “Salzburg Centre of European Union Studies” (Jean Monnet Centre of Excellence) and the Jagiellonian University in Krakow (Poland). After internships at the German Institute for International and Security Affairs (*Stiftung Wissenschaft und Politik*, Berlin) and the European Commission in Brussels, he entered the doctoral program of the European University Institute in Florence (Italy) in 2010. In 2012, he was visiting researcher at the Berlin Graduate School of Social Sciences (BGSS) of Humboldt University. Mr Gastinger writes his PhD on the Commission-Council interaction in bilateral trade negotiations with countries in Asia and Latin America since the 1970s.

### **I.) Basic information**

In this course we are going to deal with the theory and practice behind bilateral Free Trade Agreements (FTAs) in the context of the European Union. Since the ending of a bilateral Commission moratorium on bilateral agreements in 2006, a great many of such FTAs have been negotiated with countries all over the world. With the stalemate in the Doha Development Agenda in the multilateral WTO round, they are set to gain an even more prominent feature of EU external relations in the future. But what are FTAs and how are they reconcilable with multilateral rules of world trade? How does negotiating these agreements in the case of the EU work in practice and how can this process be analyzed in theoretical terms? What are some of the underlying concepts that one should be aware of to understand these agreements? What are re-current issues in these negotiations and which issues are specific? To find answers to these questions you are going to freely select one FTA as a case study and write two short and one long paper on it. You will regularly present the progress of your work in-class to provide you with a constant stream of feedback and give other students a chance to draw insights from your findings as well.

## II.) Course objectives & overview

By attending this class you will learn the following objectives, in particular:

1. Theory and practice of one of the most important features of the world economy – bilateral FTA agreements.
2. To critically reflect on some of the more recent trends in world trade and the EU's broader external relations strategy.
3. Where to find economic data online and how to analyze it based on descriptive statistical methods (inferential statistics will not be taught in this course).
4. Where to find sources for writing a paper on matters related to EU governance.
5. Improve your academic writing skills, which will help surely benefit you beyond this course (e.g. in your bachelor or master theses).

At the beginning of this course we will focus on some more general trends in world trade and the role of bilateral FTAs. You will be asked to join one of two camps (finding arguments for or against bilateral agreements alongside multilateral negotiations) and write a 500-word essay on this topic. When time permits, we will simulate a high-level debate in-class. We will also go through the process behind FTA negotiations in the EU and deal with some different theoretical approaches for your long paper, including the question of how this will impact your work in the remainder of the seminar.

In the second block, we will deal with some of the more economic issues underlying FTA negotiations. You will learn where to find economic data online and how to analyze it in descriptive statistical terms. You will need this knowledge to write your second short paper. For the 500-word essay you will address the following question: What motivates the EU to start bilateral FTA negotiations? Which factors are most important in your opinion?

In the third block, we will zoom-in on the content of FTA negotiations to put you on the right track for writing your long paper. We will also talk about where to find sources and how to tie your empirical material to your theoretical approach of choice. The question to go after in your 500-word essay concerns the provisions typically encountered in a

FTA and where you think the EU and the third party could find themselves on opposing ends.

The last block concludes with an extended session of presentations on the progress of your work. You will receive comments on your ideas and have a chance to reflect on some of the more difficult aspects of writing such a long scientific paper. In the ensuing open Q&A session you will be able to ask questions on any of the topics covered in the seminar. When time permits, we will have a discussion along the lines of the 500-word essay, in which you will speculate about future trends in the EU's trade strategy. Finally, we will have a short debriefing and evaluation session. The final version of the long paper will have to be handed in about one month later.

In the second half of this seminar we will be increasingly shifting towards a workshop atmosphere, where you will be able to refine your argument based on comments from the lecturer and your fellow students. This will help you to produce a paper satisfying the highest standards. The goal is that you could eventually combine your papers (short paper 1 + short paper 2 + long paper => one big paper) and attach it to an application as an academic working sample, showing that you are capable of reconciling theory and practice.

### **III.) Assessment & Grading**

Students' performance will be assessed and graded based on four sources:

- a) Preparation and in-class participation (1/3 of the final grade),
- b) Short paper 1 (1/6 of the final grade),
- c) Short paper 2 (1/6 of the final grade),
- d) Long paper (1/3 of the final grade).

#### Ad a) Preparation and in-class participation (1/3 of the final grade)

The session outline below indicates which texts need to be prepared for each session. Students are expected to read these texts thoroughly. In block two, three, and – especially – four, you will also be asked to prepare a presentation. Finally, before each block

you will be required to write a short 500-word essay on a given topic to prepare for the in-class discussions. You do not need to find any additional sources for this essay. Some personal reflections on the basis of the required readings will suffice.

Ad b) Short paper 1 (1/6 of the final grade)

The first short paper should be 2-3 pages long (including tables and graphics; excluding cover page, table of contents, list of abbreviations, and references) and summarize the bilateral relations between the EU and the country/region of your choice. It has to be submitted in the following format: all margins 2.54 cm (1 inch), font type Times New Roman, font size 12 pt, line-spacing 1.5. Feel free to use any standard citation format of the social sciences that you prefer. Please submit your paper electronically as one pdf-file. The filename should include your name (e.g. MarkusGastinger\_shortpaper1.pdf).

Ad c) Short paper 2 (1/6 of the final grade)

The second short paper should be 3-5 pages long (inclusions/exclusions same as above). In this paper you will provide an overview of the economic relations between the EU and the country (or region) of your choice. The same technical specifications as for short paper 1 apply.

Ad d) Long paper (1/3 of the final grade)

The long paper will cover the negotiations proper of the FTA that you have selected at the beginning of the seminar. You can freely choose the theoretical/empirical angle from which you want to analyze these negotiations. Help to make this decision will be provided in the first block. The long paper will be 10-15 pages long (including tables, graphics, and references; excluding cover page, table of contents, and list of abbreviations). The same technical specifications as for short paper 1 apply.

The general framework applied to grade your short and long papers is made transparent in section VI of this syllabus.

#### IV.) List of required readings

- Arkell, Julian, Ruben Berrios, Eleonore Boiscuvier, Neil Dourmashkin, Joseph Francois, Mehran Kafai, Sebastian Miller, et al. 2002. "Sustainable Impact Assessment (SIA) of the Trade Aspects of Negotiations for an Association Agreement Between the European Communities and Chile." *Final Report (revised) prepared with Financial Assistance from the European Commission, December 2002*. Available at: <http://trade.ec.europa.eu/doclib/html/146109.htm> [last accessed: August 27, 2013].
- Bhagwati, Jagdish. 1995. "Preferential Trade Agreements: The Wrong Road." *Law and Policy in International Business* 27: 865–871.
- Chase, Kerry. 2006. "Multilateralism Compromised: The Mysterious Origins of GATT Article XXIV." *World Trade Review* 5 (1): 1–30.
- Dür, Andreas. 2007. "EU Trade Policy as Protection for Exporters: The Agreements with Mexico and Chile." *Journal of Common Market Studies* 45 (4): 833–855.
- Elgström, Ole, and Magdalena Frennhoff Larsén. 2010. "Free to Trade? Commission Autonomy in the Economic Partnership Agreement Negotiations." *Journal of European Public Policy* 17 (2): 205–223.
- European Commission. 2013. "Memo: The EU's Bilateral Trade and Investment Agreements – Where Are We?" *RAPID Press Release*, MEMO/13/73, January 8. Available at: [http://europa.eu/rapid/press-release\\_MEMO-13-734\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-734_en.htm) [last accessed: August 27, 2013].
- Horn, Henrik, Petros C. Mavroidis, and André Sapir. 2009. *Beyond the WTO? An Anatomy of EU and US Preferential Trade Agreements*. Bruegel Blueprint Series ; 7. Brussels: Bruegel. Available at: <http://www.bruegel.org/publications/publication-detail/publication/238-beyond-the-wto-an-anatomy-of-eu-and-us-preferential-trade-agreements/> [last accessed: August 27, 2013].
- Khorana, Sangeeta, and Maria Garcia. 2013. "European Union–India Trade Negotiations: One Step Forward, One Back?" *Journal of Common Market Studies* 51 (4): 684–700.
- Klom, Andy. 2003. "Mercosur and Brazil: A European Perspective." *International Affairs* 79 (2): 351–368.
- Lamy, Pascal. 2002. "Stepping Stones or Stumbling Blocks? The EU's Approach Towards the Problem of Multilateralism Vs Regionalism in Trade Policy." *World Economy* 25 (10): 1399–1413.
- Odell, John. 2010. "Three Islands of Knowledge About Negotiation in International Organizations." *Journal of European Public Policy* 17 (5) (August): 619–632.
- Woolcock, Stephen. 2007. "European Union Policy Towards Free Trade Agreements." *ECIPE Working Paper* ; No. 03/2007. Available at: <http://www.ecipe.org/publications/european-union-policy-towards-free-trade-agreements/> [last accessed: August 27, 2013].
- Woolcock, Stephen. 2010. "The Treaty of Lisbon and the European Union as an Actor in International Trade." *ECIPE Working Paper* ; No. 01/2010. Available at: <http://www.ecipe.org/publications/the-treaty-of-lisbon-and-the-european-union-as-an-actor-in-international-trade/> [last accessed: August 27, 2013].

## V.) Course outline

Seminar Day	Session	Topic	Readings	Notes Section for Students & Deadline Dates
November 09	1	Introduction; bilateral FTAs - good or bad?	<p>1) Chase, Kerry. 2006. "Multilateralism Compromised: The Mysterious Origins of GATT Article XXIV." <i>World Trade Review</i> 5 (1): 1–30.</p> <p>2) Bhagwati, Jagdish. 1995. "Preferential Trade Agreements: The Wrong Road." <i>Law and Policy in International Business</i> 27: 865–871.</p> <p>3) Lamy, Pascal. 2002. "Stepping Stones or Stumbling Blocks? The EU's Approach Towards the Problem of Multilateralism Vs Regionalism in Trade Policy." <i>World Economy</i> 25 (10): 1399–1413.</p> <p>Online) Jagdish Bhagwati vs. Gary Hufbauer on whether regional trade deals are stepping stones or obstacles to the multilateral trading system:  <a href="https://www.youtube.com/watch?v=yaYD7R2um-U">https://www.youtube.com/watch?v=yaYD7R2um-U</a></p>	500-word essay on the question: " <b>Bilateral FTAs - stepping stones or stumbling blocks to world trade?</b> " (please hand-in a print-out at the beginning of the class).
	2	The process behind FTA negotiations	<p>1) Gastinger, Markus. Forthcoming. "<i>Delegation and Agency in EU External Relations: Information and Control</i>." Unpublished PhD Thesis. Chapter 2: Process and patterns behind bilateral trade agreements.</p> <p>2) Woolcock, Stephen. 2010. "The Treaty of Lisbon and the European Union as an Actor in International Trade." <i>ECIPE Working Paper</i>; No. 01/2010.</p> <p>3) European Commission. 2013. "Memo: The EU's Bilateral Trade and Investment Agreements – Where Are We?" <i>RAPID Press Release</i>, MEMO/13/73, January 8.</p> <p>Online) The Commission's Treaties Office Database:  <a href="http://ec.europa.eu/world/agreements/default.home.do">http://ec.europa.eu/world/agreements/default.home.do</a></p>	
	3	Possible approaches to your long paper	<p>1) Odell, John. 2010. "Three Islands of Knowledge About Negotiation in International Organizations." <i>Journal of European Public Policy</i> 17 (5) (August): 619–632.</p> <p>2) Elgström, Ole, and Magdalena Frennhoff Larsén. 2010. "Free to Trade? Commission Autonomy in the Economic Partnership Agreement Negotiations." <i>Journal of European Public Policy</i> 17 (2): 205–223.</p>	

November 23	4	Presentation of progress	Please circulate a one-page handout until Tuesday, November 19. No power point.	First short paper due by <b>Monday, November 18.</b>
	5	International Political Economy	<p>1) Woolcock, Stephen. 2007. "European Union Policy Towards Free Trade Agreements." <i>ECIPE Working Paper</i>; No. 03/2007.</p> <p>2) Dür, Andreas. 2007. "EU Trade Policy as Protection for Exporters: The Agreements with Mexico and Chile." <i>Journal of Common Market Studies</i> 45 (4): 833–855.</p> <p>3) Klom, Andy. 2003. "Mercosur and Brazil: A European Perspective." <i>International Affairs</i> 79 (2): 351–368.</p> <p>4) Arkell, Julian, Ruben Berrios, Eleonore Boiscuvier, Neil Dourmashkin, Joseph Francois, Mehran Kafaï, Sebastian Miller, et al. 2002. "Sustainable Impact Assessment (SIA) of the Trade Aspects of Negotiations for an Association Agreement Between the European Communities and Chile." <i>Final Report (revised) prepared with Financial Assistance from the European Commission, December 2002. [pp. 1-28 + one sector study of your own choice (pp.81-154) or the impact on EU Member States (pp. 155-186)]</i></p> <p>Online) DG Trade SIAs: <a href="http://ec.europa.eu/trade/policy/policy-making/analysis/sustainability-impact-assessments/assessments/index_en.htm">http://ec.europa.eu/trade/policy/policy-making/analysis/sustainability-impact-assessments/assessments/index_en.htm</a></p>	500-word essay on the question: <b>"What motivates the EU to start bilateral FTA negotiations? Which factors are most important in your opinion?"</b> (please hand-in a print-out at the beginning of the class).
	6	Where to find economic data	<p>How to prepare a "photography" of EU-third party relations.</p> <p>Trade in Goods: <a href="http://comtrade.un.org/">http://comtrade.un.org/</a></p> <p>Trade in Services: <a href="http://unstats.un.org/unsd/servicetrade/default.aspx">http://unstats.un.org/unsd/servicetrade/default.aspx</a></p> <p>Official Development Assistance: <a href="http://stats.oecd.org/qwids/">http://stats.oecd.org/qwids/</a></p> <p>Foreign Direct Investment (FDI): tba</p>	

December 07	7	Presentation of progress	Please circulate a one-page handout until Tuesday, December 3. No power point.	Second short paper due by <b>Monday, December 2.</b>
	8	Content of FTAs	<p>1) Horn, Henrik, Petros C. Mavroidis, and André Sapir. 2009. <i>Beyond the WTO? An Anatomy of EU and US Preferential Trade Agreements</i>. Bruegel Blueprint Series ; 7. Brussels: Bruegel.</p> <p>2) Khorana, Sangeeta, and Maria Garcia. 2013. "European Union–India Trade Negotiations: One Step Forward, One Back?" <i>Journal of Common Market Studies</i> 51 (4): 684–700.</p> <p>Online) WTO Trade Topics: <a href="http://www.wto.org/english/tratop_e/tratop_e.htm">http://www.wto.org/english/tratop_e/tratop_e.htm</a></p>	500-word essay on the question: <b>"Generally speaking, which provisions in bilateral FTAs do you think are most conflictual between the EU and the third party and why?"</b> (please hand-in a print-out at the beginning of the class).
	9	Where to find information	<p>Online) The open-publishing website: <a href="http://www.bilaterals.org">http://www.bilaterals.org</a></p> <p>The Organization of American State's Foreign Trade Information System: <a href="http://www.sice.oas.org/">http://www.sice.oas.org/</a></p> <p>Specialized news agencies in Europe: <i>Agence Europe, European Voice, EU Observer</i>, possibly also the <i>Financial Times</i> or <i>The Economist</i>.</p> <p>Major newspapers in the country of the third party: e.g. the <i>Business Standard</i> in India (<a href="http://www.business-standard.com">http://www.business-standard.com</a>).</p> <p>In the longer term: semi-structured interviews, Document Access Requests, traineeship, historical archives.</p>	
January 25	10	Final Presentation	Please circulate a two-page handout until Monday, January 20. Include power point in your in-class presentation.	Long paper due by <b>Friday, February 28.</b>
	11			
	12	Debriefing	Outlook on future trends in EU trade policy; General Q&A concerning all topics of the course and the long paper; Debriefing; Feedback; Evaluation.	500-word essay on the question: <b>"Quo Vadis EU? Some speculations on the future strategy for EU trade."</b> (please hand-in a print-out at the beginning of the class).



## VI.) Grading scheme (for short and long papers)

	1 (Sehr Gut)	2 (Gut)	3 (Befriedigend)	4 (Ausreichend)	5 (Nicht Ausreichend)
Structure	The paper is well structured. Individual sections are always well connected.	The paper is well structured. Individual sections are <u>mostly</u> well connected.	The paper is not well structured. Individual sections are <u>sometimes</u> well connected.	The paper is not well structured. Individual sections are <u>rarely</u> well connected.	The paper has no recognizable structure. Individual sections are not connected.
Argument	The paper makes a clear and consistent argument.	The paper makes a clear and consistent argument, yet with some errors.	The paper makes a recognizable, yet not fully consistent argument.	The paper makes an inconsistent argument.	The paper makes no argument.
Presentation	Table of contents and list of abbreviations are complete. Tables and figures illustrate the underlying data well.	Table of contents and list of abbreviations are complete. Tables and figures illustrate the underlying data <u>rather</u> well.	Table of contents and/or list of abbreviations miss <u>individual</u> items. Tables and figures illustrate the underlying data (rather) well.	Table of contents and/or list of abbreviations show <u>some gaps or</u> tables and figures illustrate the underlying data (rather) <u>poorly</u> .	Table of contents and/or list of abbreviations missing. No tables and/or figures.
Citations	Sources are marked clearly in the text. The chosen citation style is used consistently throughout the paper without errors. The list of references (bibliography) is complete and contains all cited sources.	Sources are marked clearly in the text. The chosen citation style is used consistently with some errors, which do not disturb finding the source <u>or</u> individual items are missing in the references.	Sources are marked clearly in the text. The chosen citation style is used inconsistently. Finding the source is occasionally difficult <u>or</u> some items are missing in the references.	Sources are <u>not always</u> (!) marked clearly in the text <u>or</u> finding the source is often difficult <u>or</u> many items are missing in the references.	Sources are not marked in the text. No recognizable citation style used. List of references missing.
Sources	The paper draws from a large number of high quality and/or appropriate sources.	The paper draws from a good number of high quality and/or appropriate sources.	The paper draws from a sufficiently large number of sources, mostly of high quality and/or appropriate.	The paper draws from a sufficiently large number of sources, mostly of low quality and/or inappropriate.	The paper has few to no sources, mostly of low quality and/or inappropriate.